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gwinnettcounty

January 6, 2010

Dear Chairman, District Commissioners, and Stakeholders of Gwinnett County:

It is my pleasure to present the fiscal year 2010 budget and financial plan as adopted by the Gwinnett County Board of Commissioners on January 5, 2010. This budget is consistent with the long-term goals of the County, and it reflects the cost savings, revenue adjustments, millage rate considerations, and short-term goals stated by the Board. The outcomes of the funding appropriations detailed within this document provide the support necessary to meet the service needs of the citizens of Gwinnett County.

This budget has been developed within the framework of the County's five year financial plan. This year's total Budget, including all operating and capital funds, is \$1,329,920,931. The Operating Budget is \$974,605,552 with a Capital Budget of \$355,315,379. The 2011-2015 Capital Plan is \$1,235,775,488.

The focus of the 2010 budget includes maintaining the delivery of core services; maximizing efficient and effective operations; acknowledging the long-term need to promote financial stability; and validating the decisions of our organization with citizen and stakeholder feedback. It encompasses:

- 48 new positions for Fire and EMS related to opening stations 18, 29, and 30; along with the addition of two ladder trucks
- 58 new positions for Police including 10 positions for the E911 center and 10 positions (five sworn and five civilians) to re-establish the Quality of Life Unit
- Maintaining the funding levels for public safety, including the courts and judicial system, the Corrections Department, and the Sheriff's Office
- Postponement of various capital projects with significant operating costs
- Continuing the savings obtained from substantial 2009 cuts in support departments, including the County Administrator's Office; the County Attorney's Office; and the Departments of: Human Resources, Financial Services, Support Services, and Information Technology
- Substantial modifications to the employee compensation plans including: elimination of employee pay increases, increases in employee costs for health care and retirement, and benefit plan design changes reducing medical benefits
- Elimination of the operating deficits projected within the County's financial plan for years 2011-2015

Engage Gwinnett

Engage Gwinnett: Citizens Committee for the Future of Gwinnett County, a citizen-led initiative was kicked-off in September 2009 where committee members spent approximately six months looking at the community's needs for current and future government services. The mission included the prioritization of services, and proposing funding strategies to pay for those services over the next five years. **Engage Gwinnett** strategically involved the community in the process of making informed recommendations to the Board of Commissioners about future service levels, funding needs, and available resources. The committee is made up of representatives from 30 community stakeholder groups and 10 self-selected citizen leaders. The group sought common ground, workable solutions, and compromises when necessary. The Engage Gwinnett Committee presented its final recommendations to the Board of Commissioners in April 2010.

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Business Planning Process

The process of preparing, recommending, and adopting a balanced budget for Gwinnett County always presents many opportunities and choices for staff, citizens, and elected officials. This year's process proved no different. In fact, the planning associated with delivering services was discussed in greater detail this year, as Gwinnett suffered the same economic downturn which has gripped the nation. Not only were revenue considerations made which included the impacts of declining property values, but an analysis of the total impact of a softening economy on all revenue sources occurred.

Revenues are only half of the equation. We also implemented a new methodology for how to allocate the limited resources we have to achieve the outcomes our citizens require. This methodology is the Business Planning Process (BPP).

The basic concept of BPP is to have departments develop cohesive business plans which focus on the outcomes of the activities we deploy. The annual process sets out to have each department examine the services they are providing to determine if they are:

- Aligned with the strategic direction of the County, as defined in Gwinnett's **2030 Unified Plan**;
- Considered "core" to the mission of government; and
- Achieving outcomes relative to the resources allocated.

This process provides the basis for all stakeholders to understand the expected results and for policymakers to make decisions in a more informed manner. In light of the economic downturn, the BPP process provided the concepts needed to appropriately plan cuts in costs and funding.

Triple AAA

Gwinnett continues to garner AAA debt ratings from all three rating agencies for the 12th straight year. This has enabled Gwinnett to incorporate a strong capital improvement program which encompasses both pay as you go financing and debt borrowings. The County acknowledges both the controllable and uncontrollable factors that influence the bond rating. Wherever possible, plans have been implemented to facilitate the maintenance of the AAA rating.

Budget at a Glance

The 2010 Adopted Budget totals \$1,329,920,931, a decrease of \$209,583,179 or 13.7 percent below the 2009 final budget level of \$1,540,417,307. This decrease is primarily due to a reduction of \$291,556,487 or 45.1 percent in capital spending, partially offset by an increase of \$81,973,308 or 9.2 percent in the operating budget.

The following table shows the history of the budget each year for the last five years.

Year	Operating Budget	% ch.	Capital Budget	% ch.	Total Budget	% ch.
2010	\$974,605,552	9.2%	\$355,315,379	-45.1%	\$1,329,920,931	-13.7%
2009	\$892,632,244	2.2%	\$647,785,063	-16.3%	\$1,540,417,307	-6.5%
2008	\$873,031,009	7.1%	\$774,152,958	-3.3%	\$1,647,183,967	2.0%
2007	\$815,169,167	6.6%	\$800,236,564	-10.6%	\$1,615,405,731	-2.7%
2006	\$764,452,067	1.7%	\$895,147,921	10.6%	\$1,659,599,988	6.4%

The 2010 Capital Budget of \$355,315,379 decreased \$291,556,487 or 45.1 percent from the 2009 final budget level of \$647,785,063. This change reflects the effort to slow capital spending and reduce pressure on operating costs. The capital spending decrease includes reductions of \$127,767,027 in Special Purpose Local Option Sales Tax (SPLOST) financed infrastructure, \$55,670,669 in tax-related capital projects and \$108,118,791 in user-fee financed projects, notably \$73,194,791 in water and sewer related projects.

The 2010 Operating Budget of \$974,605,552 increased \$81,973,308 or 9.2 percent from the 2009 final budget level of \$892,632,244. This change reflects the inclusion of operating costs associated with recently completed fire stations coming into service, maintenance of police officer staffing ratios, restoration of 2009 cuts to the Courts and judicial system, Sheriff and Corrections functions, and a one-time increase of \$54,913,774 from non-recurring revenue and expense attributable to the timing of the billing and collection of the December 1 millage rate increase. Excluding this one-time item, the 2010 Operating Budget increased \$27,059,543 or 3.0 percent.

The 2010 budget keeps infrastructure and basic core services as the County's priority. The continued emphasis on public safety, criminal justice, plus water and sewer services demonstrate the County's commitment to keeping Gwinnett County a preferred place to live, work, and play.

Detailed information on all facets of the budget can be found within this document. The *Executive Summary* brings the 2010 Budget, including the five-year CIP, together at a high level and it discusses the budget objectives, processes and issues. The two sections of the document titled *Operating Funds* and *Capital Funds* quantitatively reflect each operating and capital fund within the budget. There is more detailed information on departments within the *Departmental Information* section. The *Capital Funds* section includes the capital fund summaries, which list all capital projects by fund for each year of the six-year capital program. There is more detail on major capital projects in the *Capital Programs* section.

Your support and direction throughout the budget process are greatly appreciated. Your dedication to effectively address the many challenges that face the County is invaluable to the formulation of a functional, fiscally sound, balanced budget. I would like to take this opportunity to also thank all of those who have worked with us to arrive at an acceptable plan for 2010. Many professional staff members and citizens contributed to this budget process. I commend them for the work and continued efforts to improve this document. It is the goal of the Financial Services Department to continue to work through a cooperative effort with County employees, elected officials, and citizens to insure a financially stable future for Gwinnett County.

Respectfully submitted,



Aaron J. Bovos,
Director of Financial Services and CFO

mission, vision, values, and objectives

Mission

The Gwinnett County Government will deliver superior services in partnership with our community.

Vision

Gwinnett County sets the standard as a dynamic, vibrant community where all people can enjoy essential economic opportunities, safe neighborhoods, plentiful greenspace, and recreational facilities. We are committed to partnering with others in our community who share a dedication to making life better for our citizens.

Values

- We believe in honesty, fairness, and respect for all.
- We believe in stewardship of public resources, protection of the environment, and that all citizens should expect to live and work in a clean and secure community.
- We value excellence, creativity, innovation, and new technologies and ideas.
- We believe that our government must be customer-focused, fiscally-responsible, and deliver services that are among the best in the nation.

Objectives in 2010

With our mission in mind and in pursuit of our goal, the following objectives were established for 2010:

- Continue to keep the County's core services strong by favoring funding for extended services in public safety related and direct service areas
- The County will adjust the compensation package as necessary to recruit and retain qualified employees. The County will evaluate salaries with the metro Atlanta area and adjust, as necessary, to remain competitive while staying within the guidelines of the Balanced Compensation policy
- Maintenance of existing services will take priority over new or expanded services
- Whenever possible, funding will be provided for replacement equipment that will benefit County operations by reducing maintenance costs, eliminating downtime, etc.
- Funding for expansions in direct service areas in which property taxes are not the funding source will be strongly considered as long as current revenues are available
- Efficiency improvement will be emphasized in funding priorities. One-time purchases of equipment that reduce other costs will be encouraged
- As funding allows, the budget will seek to maintain a ratio of County employees to residents between 5.75 – 6.25 authorized positions per 1,000 residents in order to maintain a quality level of service to the citizens
- The County will provide practical and easy-to-use services through multiple channels of access to its constituency, businesses, other governments, and employees through innovative and effective use of information technology
- The County will examine and study tax structuring alternatives, and the possibility of providing incentives for redevelopment/revitalization
- Projects included in the *Capital Improvement Program* should be consistent with the *Gwinnett County 2030 Unified Plan*

- Capital projects should be financed to the greatest extent possible through user fees and assessments where direct benefit to users results from construction of the project
- All service and funding expansion considerations will be reviewed in terms of the current year impact and the long-term impact (up to five years) on operating revenues and fund balances. The County will continue to move forward and expedite current projects in the *Capital Improvement Program* as annual funding becomes available
- Capital improvements will be reviewed in terms of the operating impact for up to five years from the fiscal year budget
- Capital project requests that provide for the renovation of existing facilities, resulting in preservation of the County's prior investment, shall receive priority funding consideration

policies and procedures

Under the *Official Code of Georgia (O.C.G.A.) 36-5-22.1*, amended by House Bill №. 1815, the County Government Authority (Board of Commissioners) has original and exclusive jurisdiction over the following:

- The levy of general and special taxes
- The appropriation of funds
- The fixing of rates of all other charges
- The authorization to incur indebtedness
- The completion of work where cost is to be assessed against benefited property and establishment of the basis for such assessment
- The authorization and provision for contracts
- The control of public roads, private ways, bridges, and ferries, according to law, giving the Chairman authority to accept subdivision plats when specified requirements are met
- The establishment or alteration of election precincts and militia districts according to law
- The acceptance of the provisions of optional statutes (when statute legally permits acceptance)
- The carrying out of requirements previously required of the commissioner of roads and revenues in respect to zoning and planning
- The creation or modification of boundaries of special taxing district authorized by law
- The bonding of County officers, if not fixed by statute
- The enactment of ordinances or other authorized legislation as necessary
- The determination of priorities of capital improvements
- The calling of elections for voting of bonds
- The appointment of retained legal counsel and independent county auditor, providing for their compensation

Under this amendment to the state law, the Chairman must submit annually a proposed, balanced budget governing expenditures of all County funds, including capital outlay and public works projects before December 1. The fiscal year runs from January through December. The procedures for budget preparation, submission and review of the governing authority, public review, notice, and hearings are provided in Chapter 81 of Title 36 of the Georgia Code. Compliance with these laws is reflected in the budget process calendar contained in Section II of this document.

To aid in the financial administration of the County, the Department of Financial Services has been established and is maintained according to the Gwinnett County Code 3-1001. The Director of Financial Services provides for the financial needs of the County, being responsible to the Commission through the County Administrator. The Financial Services Director also acts in a coordinating role for work performed in the Tax Assessor's Office.

Financial practice areas include Accounting, Budgeting, Grants; Debt Administration, Treasury, Investments, Risk Management and Purchasing. A brief summary of the significant policies and practices of these areas is shown on the following pages.

Accounting Practices

County management is responsible for establishing and maintaining an internal accounting control system. This system is designed to ensure that the assets of the County are protected from loss, theft, or misuse, and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives

are met. The concept of reasonable assurance recognizes that: 1) the cost of an accounting control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits require estimates and judgments by management.

Beginning with fiscal year 2002, Gwinnett County follows Statement No. 34 of the Governmental Accounting Standards Board. This statement substantially changes the financial reporting model for governments. In addition to the fund financial statements, governmentwide statements (including all funds) will be presented on the full accrual basis of accounting along with reconciliation to the fund financial statements. The individual funds, however, will continue to be maintained on the traditional basis of accounting depending on the fund type.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred.

Proprietary funds and agency funds are maintained using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time goods or services have been received. The focus of accounting for proprietary funds is on determination of net income.

Budgeting Practices

In conformance with *O.C.G.A. § 36-81-3*, and County Ordinance, the Board of Commissioners adopts an annual balanced budget by formal resolution for the General, Special Revenue, Grant, Internal Service, Enterprise and Capital Funds in use by the County. Further, in conformance with *O.C.G.A. § 36-81-2 (14)* and County Ordinance, the legal level of control is at the Department level within a Fund, and the annual budget resolution appropriates expenditures at this level.

The Adopted Budget Resolution includes annual operating and capital budgets, and a 5-Year Capital Improvement Plan (CIP). Not included in the annual resolution are fiduciary funds controlling the Gwinnett County Retirement System and related trust funds.

Balanced budget is defined as when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Long-range forecasting informs and guides annual budgetary development, review and monitoring as a 5-Year Pro Forma is updated to support the budgetary milestones described below, assuring that budgetary actions to balance the current year budget sustains conservative reserve policies into future periods.

Revenue estimates are developed on the basis of econometric analysis, however because the County's fiscal year begins on January 1, and property is assessed for tax purposes on January 1, revenue analysis occurs prior to certification of the annual property tax digest, which occurs in May, and adoption of a property tax rate, which typically occurs in June of each year. As a result, revenues are conservatively budgeted several percentage points below statistical forecasts and adjusted during a mid-year review known as the "Reconciliation" budget.

Operating expenditures are also conservatively estimated with salary and benefit costs based on the grade and step of current employees, operating expenses based on underlying workload measures, and new facility-related costs budgeted on the basis of the month when the facility is expected to open, except in cases when advance hiring is required for training purposes.

Salary, benefit and pension costs are governed by a **Balanced Compensation Policy** which assures that the total compensation package is reviewed in relation to revenues and all other costs. As part of this annual policy review, a market study is performed comparing salaries of key positions with competing organizations.

For attraction and retention purposes, the County offers a competitive package of employee benefits and retirement including health insurance, life insurance, dental, prescription drug, and short-term and long-term disability insurance. Health and prescription drug benefits are self-funded and self-insured by the County. Retirement benefits include a defined-benefit plan (closed to new enrollees since 2006), a defined-contribution plan (with several contribution levels matched by County contributions) and retiree health benefits.

Capital budgets include items for which the purchase, construction, or other acquisition will represent a public betterment to the community and add to the total capital assets of the County. The project should have an anticipated life of more than 10 years. It should have a total project cost of \$250,000 over the six-year Capital Improvement Plan (CIP) or \$100,000 on an annual basis. Some types of equipment may constitute a capital project when grouped together. Revenues within capital funds collected in excess of expenditures are carried forward to fund ongoing project needs of the program in subsequent years.

Pay-as-you-go financing is utilized for as much of the capital improvement plan as affordable, and utilization of debt is focused on facilities with dedicated revenue streams such as user fees and assessment districts, so that users pay and benefit directly from debt-financed facilities.

Budgetary control of departmental budgets is accomplished through an automated system of preliminary checks of funds availability on an appropriation unit basis (group of accounts).

Budget amendments are considered and adopted by resolution of the Board of Commissioners at formal business meetings except for specific contingencies and allocations from defined reserves when limited authority is delegated to the County Administrator and Director of Financial Services as proscribed within the Adopted Budget Resolution.

The annual **Reconciliation budget review** consists of an analysis of revenue estimates based on the certified digest, the adopted property tax millage rate, collections to date, and anticipated economic conditions. Expenditure budgets are adjusted in line with revised revenue estimates. The Board of Commissioners formally considers and adopts a Budget Reconciliation Resolution which amends the budget.

Reserve policy consists of practices applied to governmental funds and funds with restricted revenue or debt obligations. Governmental funds maintain a fund balance of at least one-twelfth of the budgeted appropriations. Funds that have debt obligations or revenue restrictions require a reserve of one-sixth of the budgeted appropriations. The County also sets aside two months of prior year's expenditures for the General Fund as a reserve.

Grant Administration Practices

Whenever grants are available from state or federal governments, efforts are made to secure these funds if they fit within the overall plans of the County. Once granted, funds are used prudently in the hopes of renewal unless fulfillment of the requirements proves to be too costly.

Debt Management Practices

When issuing debt, the County meets all state laws and requirements and follows budgetary and fiscal policies to ensure the preservation of a sound financial position and favorable credit rating. See the Debt Summary in Section II for a additional detail on County practices regarding debt utilization.

Investment Policy

Investments are safeguarded in accordance with sound business principles and applicable laws to provide that prudent investment decisions are made in an effort to protect public funds, minimize market and security risks, and maximize utilization of funds with respect to liquidity and yield. All investments are made in accordance with the laws of the State of Georgia and the County Investment Policy, which was re-adopted by the Board of Commissioners in August 2002, providing for minimum risks on the basis of protection from fraud or malicious misappropriation. Only authorized personnel within the Department of Financial Services are authorized to make investments from the County's monies, such personnel being the Director of Financial Services, the Director of the Treasury Division, the Investment Manager of the Treasury Division, or Investment Managers hired by the County in accordance with the Investment Policy. All investments are secured.

Risk Management

The County manages its risks by purchasing limited liability coverages and internally sets aside assets for claim settlement in the Risk Management, Auto Liability, and Workers' Compensation Funds. The Risk Management Fund services claims for the County's exposure resulting from liability. Auto Liability does the same specifically for damages to non-County-owned vehicles. The Workers' Compensation Fund services claims for employee exposure to injuries. All departments, agencies, and authorities of the County participate in these funds. These internal service funds allocate the cost of providing claims service and payment by charging a premium to each department. These charges are based upon recent trends in actual claims experience of the County as a whole and at the department level.

Purchasing

The Board of Commissioners adopted the Gwinnett County Purchasing Ordinance in early 1995. It was amended in June 2007. Through it, the Purchasing Division establishes dollar limits and buying parameters; describes the accepted methods for source selection including professional services, construction acquisitions, and disposal of property; and explains contracting procedures including bonding, insurance, and vendor performance.

All purchases shall be based on an approved budget for which funds have been allocated. Emergency purchases may be authorized by any department head; however, a letter of justification must be submitted to the Director of Financial Services as soon as practical. Any purchase made under these conditions for which funds have not been budgeted shall be presented to the Board of Commissioners for approval at its next meeting (see *Purchasing Guidelines on the next page*).

Gwinnett County Purchasing Guidelines	
Up to \$2,499.99	Direct placement of order at the discretion of the department head.
\$2,500 – \$4,999.99	Minimum of three quotations taken by department
\$5,000 – \$9,999.99	Minimum of three telephone quotations taken by Purchasing Division personnel
\$10,000 – \$100,000	Minimum of three written quotations by Purchasing Division personnel
Above \$100,000	Solicitation of formal, sealed bids by Purchasing Division personnel. Award of the bids made at a formal meeting by the Board of Commissioners.

economic environment

Current State

With affects of the global recession evident in all indicators, and historical evidence pointing to a very slow recovery period, the 2010 budget was constructed within the framework of a realistic multi-year view of the local economy.

This realistic view of the weak economy of 2009 provided the basis for substantial cuts leading into forming the 2010 budget. At all levels, the economy was rocked by a changing economic landscape that saw nearly four million jobs lost across the country. As a result, national unemployment peaked at over 10 percent and other measures of joblessness put the number closer to 18 percent.

Despite the relatively stable fiscal, social, and economic environment that Gwinnett has historically had, the County was not spared from the carnage. Consider:

- In the first three quarters of 2009, Gwinnett lost more than 18,000 jobs (the latest data available). Since the third quarter of 2008, the jobs loss exceeds 23,000, or 7.3 percent. That is higher than the 6.4 percent job loss rate for the State of Georgia
- The average unemployment rate for Gwinnett in rose to 8.9 percent in 2009 – significantly higher than the 5.6 percent rate in 2008. The average rate for Georgia was 9.6 percent
- As jobs decline, fewer people are choosing Gwinnett as a place to live. Population growth dropped to its lowest level since 1991 as only 17,648 more people moved into Gwinnett. That put the Gwinnett population at 808,167 in 2009

Outlook

The “official” start of this recession was December 2007, and 24 months into it, a solid bottom remains elusive. Since the Great Depression, only two other recessions (1973-75 and 1981-82) have lasted longer than 13 months. This will be the third, and could very easily turn into the longest downturn since the Great Depression.

Unlike “normal” recessions that come after a period of tight monetary policy, this economic downturn is the result of an asset bubble and credit tightening. As such, it is likely to be less sensitive to monetary policy, and continued fiscal policy efforts are to be expected from the federal government.

Although Gwinnett County is expected to receive a fair share of Economic Recovery Act funding, currently at \$120 million, given the overall economic environment the effect is uncertain.

Medium-term, Gwinnett’s high-tech economic base and strength in logistics and distribution should prompt recovery earlier than most. Further, despite the current economic environment, over the long-term, continued population growth will fuel both housing and consumer-driven industries. However, expectations for growth in either housing or consumption, and overall employment growth are muted with optimism for some early signs of recovery in 2010.

short-range issues

In 2010, the population of Gwinnett County, Georgia, is expected to continue rising above the 800,000 level, to anchor the northeast corner of the metropolitan Atlanta area.

With the majority of its population living in unincorporated areas, the County provides a wide variety of services ranging from police protection to acquiring and maintaining parks and green space.

This section discusses some of the major short-range issues facing Gwinnett County.



Engage Gwinnett

Underscoring the essential value of community engagement in defining the character of Gwinnett County, the Citizens Committee for the Future of Gwinnett County is a citizen-led initiative where committee members spent approximately six months looking at the community's needs for current and future government services. Kicked off in September of 2009, the mission included the prioritization of services, and proposing funding strategies to pay for those services over the next five years. Engage Gwinnett strategically involved the community in the process of making informed recommendations to the Board of Commissioners about future service levels, funding needs, and available resources. The committee is made up of representatives from 30 community stakeholder groups and 10 self-selected citizen leaders. The group sought common ground, workable solutions, and compromises when necessary. The Engage Gwinnett Committee presented its final recommendations to the Board of Commissioners in April 2010.

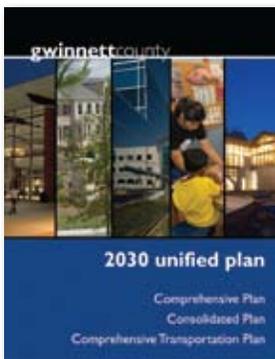


Public Safety

The Board of Commissioners continues to place an emphasis on public safety services. Keeping pace with community conditions and population growth, the 2010 budget includes 116 new positions for police and fire services, including five civilians for the Quality of Life Unit.

The addition of 63 police officer positions will increase the ratio of officers per thousand residents served to 1.07, moving closer toward the goal of 1.3 per thousand.

Further, the 2010 budget opens three new fire stations and adds two ladder trucks into the service capacity. These enhancements are expected to improve the County's response time toward the national standard of six minutes or less, 90 percent of the time, ultimately saving more lives and lowering property insurance premiums for many property owners.



Economic Development

Recognizing that organic growth was maturing, economic development was elevated in priority in 2006 when the Board of Commissioners adopted an Economic Development Ordinance and created an Economic Analysis Division. Additionally, support of Partnership Gwinnett, a Chamber-led community and economic development initiative has continued.

For 2009, Partnership Gwinnett's initiatives resulted in company relocations or expansions of major new facilities, to account for more than 3,000 new jobs. Record setting corporate relocations within a year was achieved by Gwinnett, when "two" Fortune 500 companies, Asbury Automotive and NCR, moved their headquarters to Gwinnett.

Partnership Gwinnett launched the Gwinnett Global Business Council to promote global business initiatives in Gwinnett. In 2009, delegations were hosted from China and Korea. Gwinnett representatives traveled to Asia and secured capital investments of more than one million dollars from electronics manufacturer Hisense Corporation, with the planned relocation of its North American headquarters to Gwinnett.

The County continues to work closely with three Community Improvement District (CID) organizations to help revitalize and improve the areas around Gwinnett Place Mall, the US 78 corridor near Snellville, and the Gwinnett Village area around Jimmy Carter Boulevard.

Business Planning Process

Gwinnett County has been managing organizational performance since 1997 when a task force was created to improve departmental operations and assist in the budgeting process.

The year 2010 marks the 13th year goals and performance measures have been used to allocate resources and manage operations. In 2008, a centralized business intelligence database system called "Corporater" was implemented, enabling management throughout the County to report, monitor and manage organizational performance using a single system.

The next phase was the transformation of the County's budgeting process for 2010 into a strategic planning process, with the annual spending plan (budget) as the first-year "action plan" of a broader, performance-driven, strategic business plan. We refer to this process as the Business Planning Process, or BPP.

For the 2010 budget, the following sequence was implemented.

1. A strategic planning workshop was held with the Board of Commissioners to set broad strategic themes.
2. Next, a Departmental planning meeting was envisioned to coordinate strategies, analyze interdepartmental opportunities, and establish financial parameters.
3. Then, Departments developed multi-year business plans, updating and developing initiatives to support the strategic priorities set by the Board of Commissioners within financial parameters.
4. Once each Department's business plan was completed, Departments came together again to present their plans to each other, approving objectives and initiatives that will go forward in the budget.
5. Lastly, Departments prepared traditional budgets based on approved initiatives, while submitting those budgets to the Finance Department for consolidation and review against financial parameters. Based on the fiscal position of the consolidated budget, additional review was conducted to make final priority recommendations to the Chairman

Thereafter, in accord with State laws, the Chairman proposed a budget, with public hearings held and the Board of Commissioners adoption of a 2010 budget.

The new process is expected to improve alignment of strategic themes with government initiatives, focus management attention on the most important priorities, and assure achievement of outcomes most-valued by the community.

Solid Waste Management Plan

In early 2010, Gwinnett County will work to settle and approve an agreement for a new residential Solid Waste Management Plan in unincorporated Gwinnett. The original implementation of a new Solid Waste Ordinance was to be effective January 1, 2009, but was enjoined by a court order in December 2008. As directed by the court, the County is currently operating under an ordinance adopted in 2007.

Through a competitive process, the County secured the services of a nationally recognized solid waste consulting firm to complete the following tasks:

- Review the *Solid Waste Management Plan* and prior study
- Evaluate service delivery options/business management plan
- Maximize public input
- Make recommendations for new ordinance/solid waste management plan revisions

The goal is to have the new plan in service by mid-year 2010.

Cost Saving Initiatives

In 2009 significant cuts were made to balance the budget, provide funding to Public Safety along with Elected and Constitutional Officers, and increase the millage rate at the amount necessary to provide this funding.

The items eliminated to accomplish this goal, and which carried forward the impact into 2010 include: non-core back office operations and more than 200 experienced staff accepting retirement, BOC Goals/Initiatives, Future Planned Service Enhancements, and services attributable to the 2030 Unified Plan.

The savings from retirements and position cuts are estimated to save \$55 million over the next three years. To mitigate the position cuts, efforts are being made to improve the use of technology, improve processes, and outsource operations where feasible.

long-range issues

The County has many planning tools in place to help map out its future. Some of these tools include:

- *Comprehensive Parks and Recreation Master Plan*
- *Open Space and Greenways Master Plan*
- *Water and Wastewater Master Plan*
- *Comprehensive Transportation Plan*
- *2030 Unified Plan*
- *Capital Improvement Program*
- *Six-Year Forecast of Revenues and Expenditures*
- *Population Forecasts*

As noted above, the County has completed its *2030 Unified Plan*. This new plan will guide the county's growth and infrastructure development for decades. It is an innovative roadmap for smart growth in Gwinnett. The *2030 Unified Plan* coordinated the updates of the *Comprehensive Plan*, the *Consolidated Plan*, and the *Comprehensive Transportation Plan*.

The County also has a number of initiatives being developed to address long-range issues. Examples of these include a *Solid Waste Master Plan*, *Wellness Program and Disease Management Plan*, *Succession Planning*, *Transit Planning Services*, an *Environmental Sustainability Program*, and an *Information Technology Strategic Plan*.

These long-range planning tools guide County officials in making decisions about land use, public service delivery needs, timing and placement of community facilities, and future revenue streams to fund these needs. These plans attempt to identify key long-range issues that are most likely to affect the County's growth and propose strategies to utilize the County's resources in the most effective manner. Some of the issues facing Gwinnett County over the next six years and the strategies to address them are discussed below.

Public Safety

The steady growth of the County's population continues to pressure the ability to deliver emergency fire and medical services to the citizens it serves. Identifying the number of additional fire stations needed and plotting the relocation of others are critical in formulating long range capital investment plans. The 2010 CIP includes funding for Fire Services capital needs through SPLOST programs that will bring the total number of fire stations in the County to 31 by 2011. Currently, the County is scheduled to have 30 stations in service by end of 2010. Due to the County's growth, a long-range issue exists in increasing the number of stations to 34 by 2014.

Population growth creates service delivery issues for Police Services as well. Two additional Police Precincts are included in the five-year Capital Improvement Plan to assist in the provision of adequate police services which will bring the total number of precincts to seven. The Grayson Police Precinct is the first of the two planned additional precincts.

Economic Development

In 2005, the Gwinnett County Board of Commissioners (BoC) recognized the need for the County to be more proactive in the area of economic development. During the preceding two decades, rapid growth – both residential and commercial – was the norm and there was little need to proactively pursue development. However, the 2001 recession hit Gwinnett disproportionately hard and the County saw literally thousands of high-tech jobs leave due to rapid technological changes, jobs relocated overseas, and slowing consumer demand. In addition, population growth was slowing



and the future with an aging population was beginning to be recognized. Gwinnett could no longer sit back and let change happen. A more proactive stance to economic development was necessary.

Therefore, in early 2006, the BoC adopted the County's first Economic Development Ordinance. The ordinance allowed for various financial incentives (under a very strict set of guidelines) to be used to attract business and industry to Gwinnett. Three months after the ordinance was passed, the County landed a major data center for Hewlett-Packard which brought dozens of jobs and more than a quarter of a billion dollars in capital investment. A new era in Gwinnett's economic growth had begun.



Also in 2006, the Gwinnett County Chamber of Commerce commenced Partnership Gwinnett, a five-year community-wide strategic plan that was jointly funded by both the private and public sectors. In 2008, the Gwinnett County economic development ordinance was amended to bring it in line with the strategic goals of Partnership Gwinnett and to make it a more effective tool in targeting strategic industries for the County. Those changes have been successful and examples include the relocation of the NCR's world headquarters, bringing more than 1,200 highly paid executive jobs and millions more in capital investment to Gwinnett; and Hisense Corporation, with the planned relocation of its North American headquarters to Gwinnett.

While the many successes of the past three years and the community-wide strategic plan are a good start, the County is still shedding both jobs and investment as the economy works through the current downturn, as part of the national recession. Having a proactive economic development program in place has certainly helped, but going forward – in both the near- and long-term – strategic focus will need to be paid to the County's economic development efforts. Nearly a third of the strategic policy goals outlined in the County's recently completed 2030 Comprehensive Plan relate directly to proactive economic development efforts. If Gwinnett County is to remain a preferred place, proactive strategic economic development policies will need to play a significant role not only through this downturn, but for years to come.

Service, Value, and Responsibility

As discussed above, the County is at a maturity point where service demands and financing sources are undergoing a shift, and the current recession has amplified the effect of slowing revenue.

Under these conditions, in 2008 County management undertook a comprehensive services review and cost management study with both short and long-range implications on services. A total of 150 options were identified with approximately 100 immediately incorporated into the 2009 budget. Further study and implementation of many other concepts surfaced during the SVR projects are expected to continue over the next several fiscal years.

Workforce Health

Rising healthcare costs continues to affect county government in several areas. Gwinnett County is addressing this issue in a multi faceted-approach. One such approach included entering into a contract in 2009 to provide Wellness Promotion and Disease Management Services for the *Gwinnett County Health Plan* with options to renew through the year 2013.

While the *Gwinnett County Health Plan (GCHP)* for county employees and retirees has maintained a wellness program for many years, it now has the goal of enhancing the program to a true state-of-the-art program in support of benefits cost control and increased employee productivity. GCHP is facing some unique challenges in the area of medical cost management and is looking to provide wellness promotion/disease management services that can effectively manage their membership from a behavioral change perspective and help to lower the associated healthcare costs.

This initiative will include health and lifestyle promotion/education, health risk assessment tools, website development, as well as overall wellness promotion and disease management program coordination to support optimal health for GCHP members.

Technology Innovation

To further enhance the use of technology to achieve operational efficiencies in business units, Gwinnett County developed a comprehensive five-year information technology strategic plan last year, which included a one-year tactical plan and cost estimates for each recommendation. The plan, which addresses all facets of business systems and technology infrastructure, including software applications, hardware, networks, and telecommunications will be the basis by which technology improvements will be prioritized and implemented to support the most efficient and effective delivery of services to citizens and constituents.

The County workforce consists of approximately 4,900 employees that are distributed among over 40 remote locations. The Gwinnett Justice and Administration Center (GJAC) is the largest single location with approximately 1,400 employees. The Department of Information Technology Services has the largest concentration of technology related employees with approximately 120 including full time employees and contractors. Most of the technology related employees have been consolidated into one technology support organization to ensure consistent, standards based delivery of cost effective services.

The County business systems and technology infrastructure include a variety of large enterprise class technologies including a number of specialized systems. These systems are considered our primary business systems; however, each County agency also has business applications that are specific to their unique business.

As the County matures, assertive application of technology will be essential for affordably meeting service goals.

Leadership and Succession

To further identify leadership talent within our organization, Gwinnett County is in the process of launching a formal succession planning program. Succession planning is an ongoing process of identifying, assessing, and developing talent to ensure leadership and management continuity throughout an organization. Succession planning is a subset of workforce planning in which critical positions are targeted and staff prepared to qualify for the targeted positions. Succession planning charts are being developed for appointed positions at this time. This strategic planning tool will aid county leaders in a changing workforce.

Results of these initiatives are immediately accruing, with benefits expected throughout the five year forecast period. The County will continue to explore and identify other innovative measures to improve efficiency.





Environmental Sustainability Program

In 2009, the Gwinnett County Board of Commissioners established environmental sustainability to be an essential value of the County, and is committed to concerted and long term environmental stewardship in the procurement, development, operations and maintenance of its facilities, fleet, equipment and other assets. Policies and practices associated with this commitment are expected to reduce the County's operating costs, provide a healthier environment for the County's employees and citizens; and protect, conserve, and enhance our natural resources.

The Board expressed its support for the Greater Gwinnett **Environmental Sustainability Program**, a long term and comprehensive set of County policies, initiatives and practices that promote environmental sustainability in the procurement, development, operations and maintenance of the County's facilities, fleet, equipment and other assets; and in the daily lives of those in the Gwinnett County community. These sustainability objectives and activities are aligned with the objectives of the Atlanta Regional Commission's Green Communities Program under which the County will be seeking certification. These objectives include commitments to environmental stewardship and best practices in the following areas at the governmental and community levels:

- Facility construction, renovation, and maintenance
- Energy usage
- Water usage
- Trees and greenspace
- Air quality and transportation
- Recycling, waste reduction, and materials reuse
- Procurement of environmentally-preferred products, materials, and services
- Land use: development and revitalization strategies
- Education

The County further resolved that energy conservation will be a central part of the County's sustainability practices, and to highlight these efforts will join ENERGY STAR® as a Partner. ENERGY STAR® is a joint program of U.S. Environmental Protection Agency and U.S. Dept. of Energy that promotes energy efficient practices and products.

Putting this commitment into practice, the Gwinnett County Environmental & Heritage Center is the County's first LEED certified building. This facility exemplifies the County's early commitment to "green" building prior to an official policy regarding LEED construction being adopted. In addition, Gwinnett County has several LEED registered projects including the 911 Center, the Police Training Facility, the Senior Service Center, and the Hamilton Mill Library.

Leadership in Energy and Environmental Design (LEED) is an objective certification program and nationally accepted benchmark for the design, construction, and operation of high performance "green" buildings. The LEED certification rating system addresses six major areas of environmental concern: Sustainable Sites; Water Efficiency; Energy and Atmosphere; Materials and Resources; Indoor Environmental Quality; and Innovation and Design Process. LEED certification offers many benefits including environmental, economic, and occupant-oriented performance and health advantages. Studies show that LEED certified projects cost less to operate and maintain, are energy and water efficient, and contribute to occupant health and productivity.



Gwinnett County agencies and departments have implemented a number of best practices in an effort to become more efficient and lessen our impact on the environment. These endeavors encompass a broad range of categories including energy, water, waste, and air. The purpose of this Greater Gwinnett **Environmental Sustainability Program** is to formalize those undertakings, determine our current environmental baseline, and establish a comprehensive plan for County efforts in the future.

Water and Wastewater

The Department of Water Resources works closely with various planning entities in the County, Region, and State to ensure that the long-term interests of the citizens of Gwinnett are fairly and accurately represented; to facilitate coordinated planning efforts; and to ensure the continued compliance with required regulations. The Department has been an active participant in both the Gwinnett County Unified Planning process as well as the Metropolitan North Georgia Water Planning District Plan updates. Now that both of those planning processes have been completed, the Department is moving forward with the development of the 2030 Gwinnett County Water and Wastewater Master Plan. This plan will lay the foundation for the direction of all future capital outlays based on new growth projections as outlined in both the Gwinnett County Unified Plan and the updated Metropolitan North Georgia Water Planning District plans. A Master Plan project team has been assembled; this team is working closely with an internal Technical Advisory Committee and an external Public Advisory Committee to develop plans and policies. Completion of the Plan is anticipated in early 2011.



Even in the economic downturn, Gwinnett County's population continues to grow, with projections indicating that the population will reach one million between 2020 and 2030. All of those citizens will need an abundant supply of clean water. During the development of the Capital Improvement Program (CIP), needs are identified through Master Planning, continual monitoring of growth trends and operational necessities. Business case evaluations are conducted on identified needs in order to fully develop the scope of projects, select appropriate solutions, prioritize importance, and incorporate them into the CIP. This is intended to develop a stable, self-sustaining CIP.

The Water System is required to have a permit from EPD to withdraw water from Lake Lanier. The withdrawal permit was amended in 1999 to change the 150-mgd limit from "maximum day" to "average day for any month." This permit modification allowed the County to proceed with the new Shoal Creek Filter Plant construction to increase the water production capacity from 150 mgd to 225 mgd. Major construction of this plant was finished in 2004. The current withdrawal permit is sufficient to meet near-term demand projections. However, on July 17, 2009, the District Court Judge ruled that drinking water supply is not a Congressionally-authorized use of the storage in Lake Lanier. The County's withdrawals from Lake Lanier are therefore considered unauthorized by this District Court. The Judge gave the parties three years to obtain Congressional approval of the reallocation of the use of Lake Lanier and allowed the current water withdrawals to continue during this period.

The Governor of Georgia is working to resolve this issue and is taking the following steps:

- renewing negotiations with Alabama and Florida
- seeking Congressional authorization
- commencing contingency planning for alternate water sources and
- appealing the District Court's decision



A recent decision by a three-judge panel of the 11th Circuit Court has determined that the appeal of the July 17, 2009 Order may proceed.

An additional issue facing the Water System is the long term supply if the sustainable yield of the Chattahoochee basin is reached. The County may have to consider alternative means of meeting projected future demand. The costs of implementing alternative means to meet this demand cannot be determined at this time. However, return flows of high quality reclaimed water to Lake Lanier are expected to be advantageous to the County's future allocation.

Water reclamation, or the treatment of wastewater, is another area that requires extensive long-range planning. The County currently operates five water reclamation facilities. These facilities, along with the cooperative arrangements with DeKalb County, provide 71.62 mgd in permitted wastewater treatment capacity. A project is nearly complete that will allow the F. Wayne Hill facility to discharge highly treated reclaimed water to Lake Lanier. Once this project is completed Gwinnett County will have a total discharge capacity of 102.62 mgd. The Yellow River WRF is currently undergoing a major expansion which will bring the total treatment capacity at that location to 22 mgd. Once completed, the new facility will enable the decommissioning of several smaller water reclamation facilities, thus reducing the total number of facilities in the county to three. This will allow for greater efficiencies and economies of service.

Water and wastewater system planning is not limited to water treatment plants and water reclamation facilities. The CIP includes numerous projects to expand, improve, maintain, and rehabilitate the water and wastewater collection, storage, and distribution systems.

Transportation

The purpose of the Comprehensive Transportation Plan (CTP) is to inform Gwinnett County officials on the subject of future transportation needs, projects that address those needs, and the advantages, costs, and funding of those projects. The CTP is paired with the Unified Plan's Comprehensive—Land Use Planning element. Together, these two documents define the long term comprehensive vision for growth of the County, and a plan for investment in the County's transportation system and other supporting infrastructure.

The Gwinnett Unified Plan examines alternative land use and transportation scenarios, which allow development of transportation investment strategies consistent with the likely land use and economic development future of the County. These scenarios and the resulting recommendations considered a full range of intermodal transportation improvements and strategies that would enhance the mobility, accessibility and safety performance of the County's transportation system.

The CTP examines a range of transportation options, as well as a variety of supporting strategies aimed at improving system performance. Given the current use of the transportation system in Gwinnett, and indeed in all of Georgia, it is not surprising that expansion of road capacity and improved traffic operations top the list of priority projects. This plan, however, also examines the need for improvements in other modes of transportation, such as transit, bicycles, and walking.

The Atlanta region is currently examining the future of transit through the efforts of the Transit Planning Board (TPB) and other planning partners. The CTP is developed with this in mind. The planning team met with all of the relevant transportation agencies to make sure that the recommended actions in the CTP were consistent with regional policies and directions being taken by other agencies. The CTP includes policy elements relating to land use strategies, access management, and travel demand management, all of which are important in optimizing transportation system performance.

Gwinnett County began transit operations in the fall of 2001 with express bus service to downtown Atlanta. Today, express buses run on six routes, five days a week during peak travel times. Local bus service, which operates Monday through Saturday, connects neighborhoods and businesses to the County's cultural, shopping, and educational opportunities. Funding for the transit program is provided by the County, state and federal government grants, and fare box revenues.

In 2009, the Gwinnett County Board of Commissioners awarded a contract to review existing transit services, prepare a transit development plan, update Title VI compliance activities, and study bus advertising potential. Public involvement will be an important component of the study. The County is seeking innovative strategies for involving the public throughout the plan preparation at a level appropriate for this type of study.



Community Services

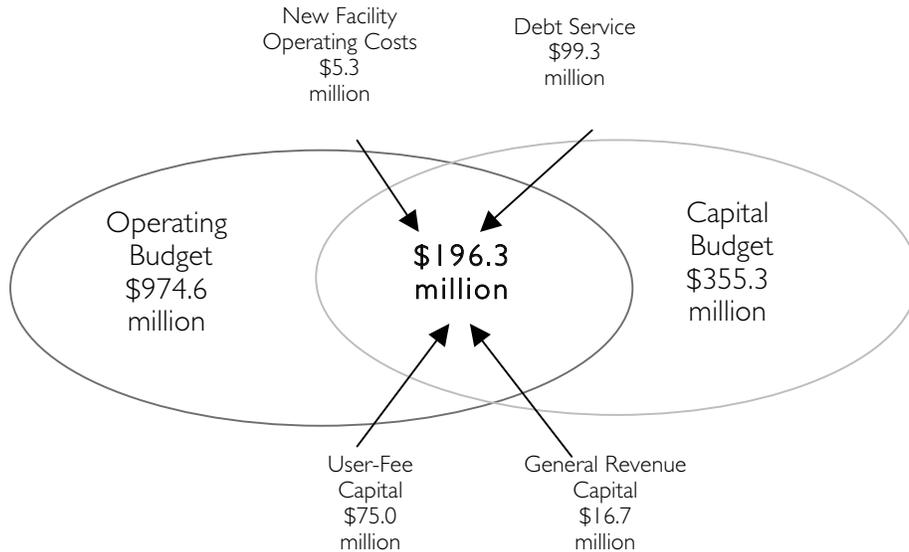
Gwinnett County's long range planning efforts were recognized in 2008 when Gwinnett County Parks and Recreation received the coveted Grand Gold Medal Award for Excellence in Park and Recreation Management from the National Recreation and Park Association (NRPA) and the American Academy for Park and Recreation Administration (AAPRA) as the number one park agency in the nation. Finalists submitted master/strategic plans and videos featuring their agency and achievements. The most prestigious award of its kind, the Gold Medal honors park systems and communities throughout the United States that demonstrate excellence in citizen involvement and support systems, long-range planning, fiscal resource management, environmental stewardship, preservation, technological integration, program planning and assessment, professional development, agency recognition and services for special populations.

Gwinnett County adopted the Open Space and Greenways Master Plan in May, 2002. This plan is a comprehensive document intended to inform and guide the County's ongoing greenspace preservation program. The primary goals of the plan are to increase recreation opportunities, protect and improve water quality, increase connectivity via a system of greenways trails, and reduce the environmental impacts of development. A few of the numerous secondary goals of the plan include enhancing aesthetics throughout the County, protecting plant and animal habitat, promoting biodiversity, enhancing air quality, and improving transportation opportunities. This County-wide Master Plan is scheduled to be updated in 2010-2011.

Consistent with these plans, Gwinnett County celebrated the grand opening of Gwinnett's largest park to date, Harbins Park, in 2009. Overall, Harbins Park totals over 1,900 acres, with the first phase encompassing the 1,289-acre passive portion of the park. A second future phase is in the master planning stage and will include more active elements of a community park to open in the future. In addition, Freeman's Mill Park opened to the public in 2010. Purchased with funds from the Georgia Greenspace Program, the park project preserves the historic Freeman's grist mill, constructed in the 1870s and which is listed on the National Register of Historic Places.

Relationship Between Operating and Capital Budgets

In 2010, total expenditures of \$1,329.9 include an impact of \$196.3 million or 14.7 percent resulting from capital infrastructure development including \$99.3 million in debt service, \$16.7 million in general revenue-financed capital expenditures, \$75.0 million of user fee-financed capital expenditures and \$5.3 million of initial operations and maintenance costs related to new facilities as reflected in the diagram and table below.



2010–2015 Initial Operating Impact of Capital Facilities on the General Fund

Below are the estimated initial operating costs associated with major projects. Although some start up costs are one-time, most continue to impact operating expenses in subsequent years.

(\$ in millions)

Description	2010	2011	2012	2013	2014	2015	Total
Fire Station 18	1.37						1.37
Fire Station 29	1.10						1.10
Fire Station 30	2.47						2.47
Parks	0.40						0.40
Fire Station 31		3.62					3.62
Criminal Justice System			0.39				0.39
Electronic Citation System			0.15	0.25	0.10		0.50
New Courthouse Wing				0.25			0.25
Fire Station 32					3.50		3.50
Fire Station 33					2.25		2.25
Fire Station 34					3.25		3.25
5 Ambulance Units					3.00		3.00
Grayson Precinct					6.63		6.63
Total	\$5.34	\$3.62	\$0.54	\$0.50	\$18.70	\$0.00	\$28.70

budget process

As economic conditions worsened during early to mid 2009, it became evident that a business-as-usual process to develop a 2010 budget would not be sufficient and immediate measures would be required to sustain a fiscally and programmatically balanced budget.

In developing the 2009 budget, County Administration had laid the groundwork for a new Business Planning Process (BPP) which directed departments to develop cohesive business plans that produce citizen-driven outcomes. The process required each department to examine the services they are providing and determine if they are:

- Aligned with the strategic direction of the County, as defined in Gwinnett's 2030 Unified Plan;
- Are considered "core" to the mission of government; and
- Achieve outcomes relative to the resources allocated.

Building on this process, in early June 2009, County Administration embarked on an aggressive effort to reshape the capital and operating programs for 2009 and beyond. The County Administrator held a series of business plan workshops with Department heads and quickly developed a plan for immediately reducing 2009 capital and operating expenses. One difference between this effort and an ordinary "cut" exercise was that the plan focused not only on adjustments that would have financially favorable effects in 2009 but also over the period from 2010-2014.

The first phase was adopted by the Board of Commissioners on June 16, 2009 and included immediate reductions to the 2009 budget with 5-Year impact totaling \$204.8 million including \$123.6 million in capital program and \$81.2 million in operating costs.

The second phase was adopted by the Board of Commissioners on July 21, 2009 and included guidance to staff to prepare a 2010 budget plan which was overall 9.0 percent below the 2009 Adopted Budget level. The plan also directed staff to initiate workforce reduction actions in line with adopted program adjustments through a retirement incentive program and reductions in force. Subject to feedback from the community, together, these resolutions established the framework for the 2010 budget plan.

County financial staff prepared target levels and began working with Departments on preparing 2010 budgets and staffing plans in line with new budget levels. Every County department was instructed to keep their operating budget request under this target operating base budget. Staff reviewed spending priorities to make the best use of taxpayer dollars and reprioritized in line with business plans and spending target.

Each area of the County carefully examined its needs based on workload history and projections for 2010. Organizational structure was reviewed, including staffing requirements, salary schedules, and possible program modifications. A detailed accounting was made of equipment needs, overtime, travel, and training. Division directors and staff carefully reviewed the information looking for better and more efficient ways of maintaining adequate service levels and providing for future needs.

After much study, Departmental proposals were submitted to the Department of Financial Services, which compiled recommendations into a draft budget for review by the Chairman of the Board of Commissioners and his Budget Review Committee.

For several days in early October, the Chairman convened a Budget Review Committee which included a citizen representative, the County Administrator, the Financial Services Director and key department directors. During these workshops, each Department presented their 2010 and future business plan, enumerating adjustments to programs necessary to operate within the County's new fiscal realities.

Staff from the Department of Financial Services and Communications facilitated the review team workshops, which were videotaped for broadcast on the County's public access Channel 23, and also available on the County's website.

Following this review the Chairman of the Board met with senior County staff during October and November to finalize his proposed budget. While many high value adjustments made excellent business sense, the process informed policy-makers that reductions in some core service, such as public safety, would prove to be unpalatable to a broad cross-section of the County population.

As a result, on December 1, 2009, the Board of Commissioners approved a millage rate increase of 2.28 mills for 2009, restoring key services with a focus on Public Safety and providing sufficient resources to balance the 2010 budget.

On the same day, by County Ordinance, a 2010 proposed budget must be submitted to the Board of Commissioners and the Chairman's budget included these additional revenues. The Board of Commissioners reviewed the proposed budget during the month of December and in accord with state law, a public hearing was held on December 10, 2009, at least one week before the formal adoption of the budget.

County Ordinance also requires that a budget must be adopted at the first meeting of the new fiscal year. The final Adopted Budget was approved on January 5, 2010 and is presented in its' entirety with this document.

The budget may be amended throughout the fiscal year to adapt to changing governmental needs through approval of the Board of Commissioners. Specific authority has been given to other individuals through the Budget Resolution for adjustments in certain cases. Primary authority, however, rests with the Board. Any increase in appropriations in any fund for a department, whether through a change in anticipated revenues or through a transfer of appropriations among departments, requires the approval of the Board of Commissioners. Refer to the *Budget Resolution* in the **Executive Summary** for the conditions under which adjustments can be made and by whose authority.

At mid-year, the Board adopts a Budget Reconciliation that replaces the original adopted budget. The purpose of the mid-year reconciliation is to review actual experience to date for the year in regard to both revenues and expenditures. The adoption of the Budget Reconciliation is done in conjunction with or shortly after the adoption of the County's millage rate. At this point in the fiscal year, the projected tax revenues are reconciled, and projected revenues and appropriations are reconciled to be more in line with actual expense experience.

budget process – flow chart

The following chart summarizes the budget process and the various steps leading to the adoption of the 2010 Budget.

	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Strategic Planning:												
Board of Commissioner's Strategic Planning Workshop	→											
Departmental Strategic Planning Meetings			→									
Millage rate adoption for current year					→							
2009 Budget Reduction Resolution					→							
2010-2014 Budget Reduction Resolution						→						
Mid-Year Budget Reconciliation for current year					→							
Budget Development:												
Budget prep material prepared and sent out to departments						→						
Departments prepared draft budgets							→					
Budget staff compiled draft budget.								→				
Chairman convened Citizens' Budget Review Team									→			
Finalize and Adopt:												
Chairman finalized recommendations									→			
Chairman's proposed budget presented to the Board of Commissioners										→		
Budget availability advertised										→		
Public Hearing											→	
Board of Commissioner's review and input											→	
Adoption of the budget												→

budget document 2010 gwinnettcounty

FY 2010 Resolution Amounts

Operating Budget	FY 2010	Capital Budget	FY 2010	FY2011-2015
Tax Related Funds		Tax Related Funds		
General	\$ 510,994,921	Capital Project	16,733,247	70,323,272
G.O. Bond (1986)	8,712,734			
G.O. Bond Detention Cntr	7,664,117			
Recreation Fund	41,692,590			
Speed Humps	104,850			
Street Lighting	6,851,404			
Total Tax Related	576,020,616	Total Tax Related	16,733,247	70,323,272
Special Use Funds		Special Use Funds		
Corrections Inmate Welfare	149,258	SPLOST (2001)	14,911,025	850,000
Crime Victims Assistance	1,264,218	SPLOST (2005)	58,875,642	41,667,188
E-911	14,550,299	SPLOST (2009)	114,172,700	539,524,477
Police Special Investigation	1,291,212			
Sheriff Inmate Store	528,816			
Sheriff Special Operations	809,042			
Stadium Operating	2,201,466			
Tourism	6,145,428			
Tourism Sustainability Fund	1,189,373			
Tree Bank Fund	5,005			
Total Special Use	28,134,117	Total Special Use	187,959,366	582,041,665
Enterprise Funds		Enterprise Funds		
Airport	880,527	Airport R & E	616,639	18,332,751
Local Transit	8,373,680	Solid Waste R & E	-	-
Solid Waste	2,377,821	Stormwater R & E	25,149,247	97,547,932
Stormwater Operating	29,469,152	Transit R & E	(1,733,432)	4,096,505
Water and Sewer Operating	246,358,011	W & S R&E/Bond	126,590,313	463,433,363
Total Enterprise	287,459,191	Total Enterprise	150,622,766	583,410,551
Internal Service Funds				
Auto Liability	753,480			
Fleet Management	5,981,053			
Group Self Insurance	59,264,589			
Risk Management	7,488,500			
Vehicle Purchasing	4,823,500			
Workers' Comp.	4,680,506			
Total Internal Service	82,991,628			
Total Operating Funds	<u>\$ 974,605,552</u>	Total Capital Funds	<u>\$ 355,315,379</u>	<u>\$ 1,235,775,488</u>

R & E = Renewal & Extension

SPLOST = Special Purpose Local Option Sales Tax

budget resolution

A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2010 FOR EACH FUND OF GWINNETT COUNTY, APPROPRIATING THE AMOUNTS SHOWN IN THE FOLLOWING SCHEDULES FOR SELECTED FUNDS AND AGENCIES; ADOPTING THE ITEMS OF ANTICIPATED FUNDING SOURCES BASED ON THE ESTIMATED 2010 TAX DIGEST AND AFFIRMING THAT EXPENDITURES IN EACH AGENCY MAY NOT EXCEED APPROPRIATIONS, AND PROHIBITING EXPENDITURES FROM EXCEEDING ACTUAL FUNDING SOURCES.

WHEREAS, the Gwinnett County Board of Commissioners ("Board") is the governing authority of said County, and

WHEREAS, the Board has been presented a Proposed Budget which is the County's financial plan for said fiscal year and includes all projected revenues and allowable expenditures, and

WHEREAS, an appropriate advertised public hearing has been held on the 2010 Proposed Budget, as required by Federal, State and Local Laws and regulations, and

WHEREAS, the Board has reviewed the Proposed Budget and has made certain amendments to Funding Sources and Appropriations, and

WHEREAS, the Board decrees that the Proposed 2010 Budget (as amended) shall in all cases apply to and control the financial affairs of County departments and all other agencies subject to the budgetary and fiscal control of the governing authority, and

WHEREAS, each of the funds has a balanced budget, such that Anticipated Funding Sources equal Proposed Expenditures; and

NOW, THEREFORE, BE IT RESOLVED that this Budget is hereby adopted specifying the Anticipated Funding Sources for each Fund and making Appropriations for Proposed Expenditures to the Departments or Organizational Units named in each Fund.

BE IT FURTHER RESOLVED that Expenditures of any Operating Budget Fund or Capital Budget Fund shall not exceed the Appropriations authorized by this Budget and Amendments thereto or Actual Funding Sources, whichever is less.

BE IT FURTHER RESOLVED that in accordance with the Official Code of Georgia Annotated Section 33-8-8.3(a)(1), the proceeds from the tax on insurance premiums in the amount of \$23,031,034 shall be used solely for the purposes of funding police protection to inhabitants of the unincorporated areas of the county, budgeted at \$85,469,747 and remaining funding of \$62,438,713 from a general tax levy.

BE IT FURTHER RESOLVED that certain Capital Project Budgets are adopted, as specified herein, as multiple-year project budgets as provided for in O.C.G.A. § 36-81-3(b)(2).

BE IT FURTHER RESOLVED that transfers of appropriations in any Fund among the various accounts within a Department shall require only the approval of the Director of Financial Services so long as the total budget for each Department is not increased.

BE IT FURTHER RESOLVED that the 2010 Budget shall be amended so as to adapt to changing governmental needs during the fiscal year as follows: Any increase in Appropriations in any Fund for a Department, whether through a change in

Anticipated Revenues in any Fund or through a transfer of Appropriations among Departments, shall require the approval of the Board of Commissioners, except in the following cases where authority is granted to:

- I. The Director of Financial Services to:
 - (a) allocate funds to appropriate Department from insurance proceeds and/or from the Casualty and Liability Insurance Reserve for the replacement or repair of damaged equipment items;
 - (b) allocate funds from established reserves for leave balances at retirement, salary adjustments and reclassifications to Departments and Organizational Units as necessary to provide funding for compensation actions, reductions in force and retirement incentives as approved by the Board of Commissioners;
 - (c) allocate funds from the established Judicial Reserve to appropriate departments within the Judicial System as required;
 - (d) allocate funds from the established Inmate Medical Reserve or fund balance to various funds/departments when required to cover medical expenses;
 - (e) allocate funds from the established Indigent Defense Reserve to appropriate departments for required indigent defense expenses;
 - (f) allocate funds from the established Court Reporter Reserve to appropriate departments for required expenses;
 - (g) allocate funds from the established Court Interpreter Reserve to appropriate departments for required expenses;
 - (h) allocate funds from the established Fuel/Parts Reserve as required;
 - (i) allocate funds from designated fund balance for Other Post Employment Benefits;
 - (j) transfer funds resulting from salary savings or transfer balances resulting from under expenditures in operating accounts into pension and health related reserves, or compensation reserves;
 - (k) transfer funds from the established Pension Reserve to the Pension System for accrued liabilities of the defined-benefit plan;
 - (l) authorize preparation and submission of applications for grant funding; however acceptance of all grant awards is subject to approval of the Board of Commissioners;
 - (m) adjust revenue and appropriation budgets between capital projects as necessary to incorporate grant awards previously approved by the Board of Commissioners;
 - (n) approve transfers of appropriations within capital projects and allocate funds previously approved, or, as appropriate, transfer appropriations among fiscal years for projects as necessary to allow completion of each project and cover existing obligations/expenses in accordance with the intent and actions of the Board of Commissioners; however in no case shall appropriations exceed actual available funding sources;

- (o) adjust revenue and appropriation budgets to incorporate collected revenue at the capital fund contingency project, and project-specific contingency levels.
2. The County Administrator to:
- (a) transfer funds from departmental budgets to Contributions to Capital Projects for amounts up to \$25,000;
 - (b) transfer funds within a capital fund from fund or program contingencies and/or savings in existing projects to establish new projects for amounts up to \$100,000;
 - (c) allocate funds from the Inmate Housing Reserve to the Sheriff's Department for costs incurred to maintain the 287(g) Program;
 - (d) allocate funds from the established Operational Efficiency Reserve as required;
 - (e) reallocate funding among projects approved by the Board of Commissioners.

BE IT FURTHER RESOLVED that such amendments shall be recognized as approved changes to this resolution in accordance with *O.C.G.A. 36-81-3*. These authorities for transfers of appropriations shall not be used as an alternative to the normal budget process and are intended to be used only when necessary to facilitate the orderly management of projects and/or program; transfers approved under these authorities may not be used to change the approved scope or the objective of any capital project:

BE IT FURTHER RESOLVED that the Board of Commissioners shall approve increases in authorized positions. Vacant positions may be reallocated within the same department or reassigned to another department and filled authorized positions may be reassigned at the same grade level between departments with the authorization of the County Administrator.

BE IT FURTHER RESOLVED that the compensation for county appointments by the Board of Commissioners to the various Boards and Authorities has been set (see attached schedule). This does not preclude any department from reimbursing those members for actual expenses incurred in the performance of duty.

BE IT FURTHER RESOLVED that the County Administrator is granted authority to authorize benefits pursuant to *O.C.G.A. §47-23-106* for retired Superior Court Judges.

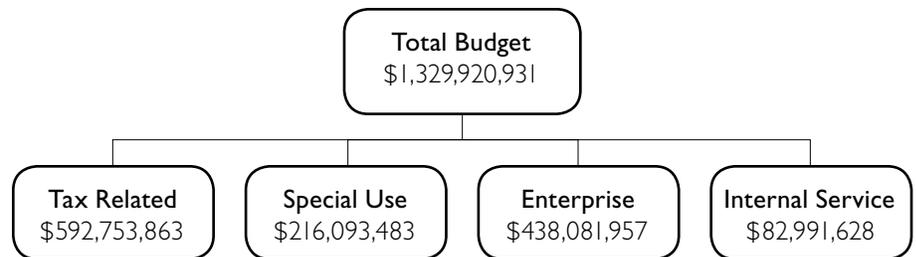
fund structure and financial status

Gwinnett County government is financially and operationally sound. Emphasizing long-range planning in the budgeting process, a five-year forecast is utilized to analyze the implications of annual service investments, assuring adequate revenue sources will be available and secure balances can be maintained prior to making long-term commitments. Further, the County has set a policy of not obligating its citizens to pay more in the future when it can invest now in efforts to keep taxes low for years to come.

This section describes the County's financial architecture and the condition of the major funds.

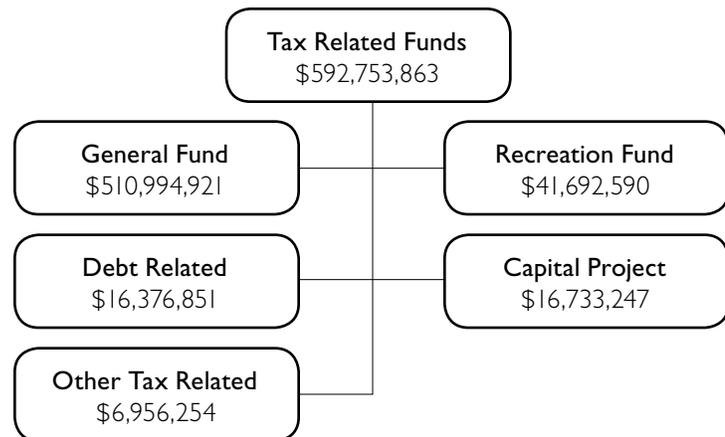
Fund Groups

The 2010 Adopted Budget contains 36 separate funds that are categorized into four fund groups: **Tax-Related Funds**, **Special Use Funds**, **Enterprise Funds**, and **Internal Service Funds**. These groups and some of the funds are all highlighted in the following sections.



Tax-Related Funds

Tax related funds are funds whose primary revenues are derived from taxes. These include the **General Fund**, **Recreation Fund**, **Debt Service Funds**, **Street Lighting** and **Speed Hump Funds**.



General Fund

The General Fund is the largest operating fund within the 2010 Operating Budget, encompassing operational funding for most County services including public safety, courts and sheriff, public works, community services and general government.

The financial status of the General Fund remains solid.

In 2010, expenditures of the General Fund are expected to total \$510.2 million, an increase of \$89.2 million or 21.2 percent above the 2009 actual level of \$421 million primarily due to budgetary additions of \$54.0 million associated with the increased funding of personal services. Also contributing to the increase for 2010 is a 108 percent increase in Contributions totaling \$16.8 million.

In 2010, revenues of the General Fund are expected to total \$510.9 million, an increase of \$85.7 million or 20.2 percent primarily due to an increase in property tax revenue resulting from an increase in the property tax millage rate. As a result of the vote by the Board of Commissioners in December of 2009 to increase the 2009 millage rate, an additional 2009 billing will occur in March, 2010 with collection in May, 2010. This revenue has been budgeted as one-time revenue in 2010 and will not recur in 2011. The millage rate is typically set in June of each year after the value of the property digest becomes clear.

Recreation Fund

The Recreation Fund is maintained by the Department of Community Services and to account for activities related to the parks system and recreation programs including but not limited to trails, athletic fields, aquatic centers, historic sites, camps, classes and events.

With strong citizen support and utilization of fee-based services, the financial status of the Recreation Fund remains healthy.

In 2010, expenditures of the Recreation Fund are expected to total \$41.5 million, an increase of \$11.7 million or 39.3 percent above the 2009 actual level of \$29.8 primarily due to an increase of \$6.5 million for a one-time "catch up" payment for other post-employment benefits. This payment is expected to satisfy the previously accrued liability associated with retirees. Going forward, incremental payments for retiree health insurance are built into personnel services costs and this payment is not anticipated in future years.

In 2010, revenues of the Recreation Fund are expected to total \$41.7 million, an increase of \$11.7 million or 39.3 percent primarily due to growth in property tax revenue resulting from an increase in the property tax millage rate.

Since 1998, the County property tax rate for Recreation declined by .21 mills or 21.0 percent from 1.00 mills to .79 mills in 2008. Then in December of 2009 the millage rate was set back to 1.00 mills. The net tax digest expected to decrease in 2010. This rate is typically set in June of each year after the value of the property digest becomes clear.

Debt Service Funds

Other tax-related funds include both General Obligation (G.O.) Debt Service Funds (the 1986 Issue and the Detention Center Issue).

The financial status of these funds remains secure.

In 2010, expenditures of the Debt Service Funds are expected to total \$15.0 million, an increase of \$0.7 million or five percent from the 2009 level.

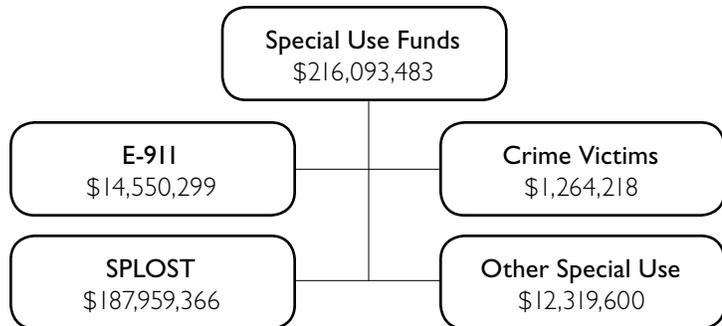
Revenues totaling \$15.0 million are estimated to cover debt service requirements of both bond issues in 2010.

Capital Project Fund

This capital project fund, which is primarily supported by contributions from the operating tax funds, General and Recreation, is budgeted at \$16.7 million in 2010. The General Fund is contributing \$16 million towards funding of the capital program. The Recreation Fund will contribute a total of \$3.6 million, or 8.6 percent of the Operating Fund revenue. Some of the highlights of projects supported in this fund include park improvements, social services facilities, and other County projects.

Special Use Funds

Special Use Funds account for funds that are restricted to a specific purpose by state law or local ordinance. Some of these funds have continuing obligations, such as personnel, while others account for one-time purchases.



E-911 Fund

The County's E-911 Fund revenues come from fees assessed on monthly telephone and wireless phone charges. These revenues fund the operation of the E-911 communication center. Additional public safety service demands have placed expanding operational needs on this fund.

The E-911 Fund continues to be financially strong, providing financial backing for a vital service expected to field 457,000 telephone calls in 2010.

In 2010, expenditures of the E-911 Fund are expected to total \$14.6 million, an increase of \$5.7 million or 63.6 percent above the 2009 actual level of \$8.9 million, primarily due to a major contribution to benefit claims associated with unfunded retiree health benefit liabilities. This expense is expected to fully satisfy past accumulated liabilities.

In 2010, revenues of the E-911 Fund are expected to total \$13.9 million, an increase of \$1.1 million or 8.5 percent primarily due to increased revenues from charges for services.

The Gwinnett County subscriber fee of \$1.10 was raised to \$1.30 effective July 1, 2006, and the \$0.80 per month wireless phone fee was increased to \$1.00.

Crime Victims Assistance Fund

The Crime Victims Assistance Fund was established in 1996 to account for revenues generated through an additional five percent fee added to court fines to aid in funding victim assistance programs.

Projected 2010 revenues of \$1.0 million enable the District Attorney and Solicitor General to finance the **Crime Victims Assistance Program**. Additionally, two certified non-profit agencies, Gwinnett Sexual Assault Center, and the Partnership Against Domestic Violence are funded from this source.

SPLOST Programs

Gwinnett County has utilized the SPLOST as a primary source of revenue for capital projects since it became an option for counties in 1985. SPLOST law has changed over the years impacting allowable purposes, allowable length of SPLOST programs, distribution of proceeds, and ballot language among other things. Throughout all of these changes, the County has been able to adapt and the citizens have supported the use of SPLOST funding to move the County forward. SPLOST funding was used to build the current Gwinnett Justice and Administration Center, numerous road improvement projects, fire stations, police precincts, new parks, libraries, and other

various capital infrastructure improvements. The passage of SPLOST programs has had a profound impact on County operations by shifting the burden of funding these projects from property taxes.

2001 SPLOST Fund

This voter-approved SPLOST fund became effective April 1, 2001, and expired on March 31, 2005. Sales taxes collected during this period have allowed the County to continue funding a large percentage of our capital needs on a pay-as-you-go basis and will have a major impact on the operating and capital budgets for the next several years. The SPLOST allows more flexibility in adjusting the contributions from the tax-related operating funds to capital and allows many needed capital projects to become reality. The 2001 SPLOST generated just over \$496 million in sales tax collections. Funded with the 2001 SPLOST are projects in the areas of libraries, parks and recreation, public safety, and transportation.

2005 SPLOST Fund

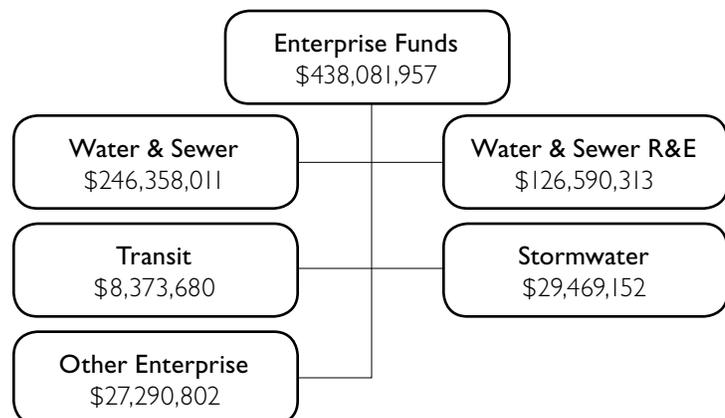
On November 2, 2004, the voters of Gwinnett County approved a four-year extension of the SPLOST to be designated for capital improvements within the County and its municipalities. Updated projections of sales tax collections for the 2005 Program are \$587.5 million. The entire Cities' Share Allocation of the initial projection, or \$94.7 million, is included in the initial budget for the program. This is the first SPLOST program since the enactment of new state legislation that brought dramatic changes to the SPLOST law. The most significant change was the provision of required funding to municipalities. Previously, the SPLOST had been exclusively a County tax. Revenue generation for the 2005 Program will be monitored monthly and any proceeds received above the initial allocation will be budgeted at a later time. In addition to the funding for the cities, funds from the 2005 SPLOST will be used for projects in the areas of libraries, parks and recreation, public safety, and transportation.

2009 SPLOST Fund

In November 2008, the citizens of Gwinnett County approved a referendum authorizing the County to extend a one-cent Special Purpose Local Option Sales Tax (SPLOST) for five years beginning in April 2009. Estimated projections of sales tax collection for the 2009 Program are \$719 million. Collections from the sales tax designated for the County will be used solely for capital projects in the areas, parks and recreation, transportation, public safety, court facilities and libraries. The remaining sales tax collections, approximately 16 percent of the 2009 SPLOST Program, will go to cities.

Enterprise Funds

Enterprise funds are operated on a "business-like" basis using the full accrual accounting method. These services are supported through the use of user fees and charges with revenues earned in excess of operations and debt service reinvested in infrastructure through a contribution to a related capital fund.



The County operates five enterprises on this basis including water and sewer service, stormwater management, solid waste, transit and the Briscoe Field airport.

Water and Sewer Operating Fund

The Water and Sewer Operating Fund is the County's second largest operating fund within the 2010 Operating Budget, encompassing operational funding for the County's water and wastewater systems.

The financial status of the Water and Sewer Operating Fund remains healthy.

In 2010, expenditures of the Water and Sewer Operating Fund are expected to total \$246.4 million, an increase of \$14.0 million or six percent above the 2009 actual level of \$232.3 million primarily due to increases totaling \$16 million in debt related costs mainly associated with Interest expense. A total of \$51.5 million or 21 percent of the 2010 Adopted Budget is appropriated for a transfer to the Water and Sewer Renewal and Extension Fund for funding of water and sewer capital improvements.

Excluding infrastructure-related costs, the 2010 base operating budget totals \$105.3 million, an increase of \$10.3 million or 11 percent from the 2009 actual level of \$94.0 million.

In 2010, revenues of the Water and Sewer Operating Fund are expected to total \$246.4 million, an increase of \$9.3 million or 3.9 percent. Water and sewer revenues are analyzed very closely to ensure that rate structures are in place to adequately fund the public utility system operations and debt service requirements. Based on these analyses, the Board of Commissioners has approved a water and sewer rate resolution that sets rates through 2011.

County financial staff uses these rates to create models to help determine annual revenue projections to fund operations, capital needs, and existing and projected debt service requirements. These models then help drive the decision-making process in setting the water and sewer system's operating budget.

Water and Sewer Capital Funds

The 2010 budget for the combined water and sewer capital funds is \$127 million. This reflects the total amount of all remaining prior year bond funds and renewal and extension funds. The County's Water and Sewer Capital Improvement Program (CIP) is a dynamic, forward thinking plan that attempts to balance the need to construct new infrastructure to meet the anticipated demands of a fast growing community, with the need to maintain and upgrade the extensive infrastructure already in place. This year's budget places emphasis on both. Several major projects such as completion of the No Business Creek Pump Station/Tunnel and improvements to current wastewater collection and treatment facilities such as Yellow River and Crooked Creek are included in the 2010 budget. The County also has several important maintenance items including sewer inflow and infiltration corrections, a pre-stressed concrete cylindrical pipe replacement program, and water service line replacements. The County has issued over \$1.2 billion in water and sewer bonds since 1998. These bond proceeds have been used to help fund the F. Wayne Hill Water Resources Center that began operations in December 2000, the Shoal Creek Filter Plant, the expansion of the Hill Center, and upgrades to the Patterson-Marathon Pump Station and Force Main. The Water and Sewer Renewal and Extension Fund continues to provide the pay-as-you-go mechanism for many of the water and sewer capital improvements. Transfers from the net operational revenues of the system, over \$56 million budgeted in 2010, and development fees continue to support these funds.

Stormwater Operating Fund

Beginning in 2006, a stormwater utility was established to generate revenues to fund operating and capital needs. In November 2005, the Board of Commissioners approved a rate schedule for the stormwater utility, with increases established through 2011.

The financial status of the Stormwater Operating Fund remains solid.

In 2010, expenditures of the Stormwater Operating Fund are expected to total \$29.2 million, an increase of \$6.1 million or 26.4 percent above the 2009 actual level of \$23.1 million primarily due to increases totaling \$5.2 million in pay-as-you-go financing of planned infrastructure.

A total of \$18.7 million or 64 percent of the 2010 Adopted Budget is appropriated for a transfer to the Stormwater Renewal and Extension Fund for funding of stormwater facility improvements.

In 2010, revenues of the Stormwater Fund are expected to total \$29.5 million, a decrease of \$0.06 million or 0.2 percent. Beginning in FY 2006, property owners in unincorporated Gwinnett County were charged \$0.77 per 100 square feet of impervious surface to help defray the cost to maintain, repair, and replace stormwater infrastructure in the unincorporated areas of the county. In FY 2007, this rate increased to \$1.41 per 100 square feet, to \$2.01 in FY 2008 and again to \$2.46 in FY 2009.

Local Transit Operating Fund

Established in 2000, the Local Transit Fund accounts for the revenues and operations of the County's first local mass transit system. This system began express bus service operations to employment centers in downtown Atlanta in 2001 and added limited local bus route service in late 2002. The express service has proven to be extremely popular and successful, and the local service is expected to expand and grow as more routes are added or modified to take into account rider demand. As services expand, the operating budget for the Transit Fund continues to grow.

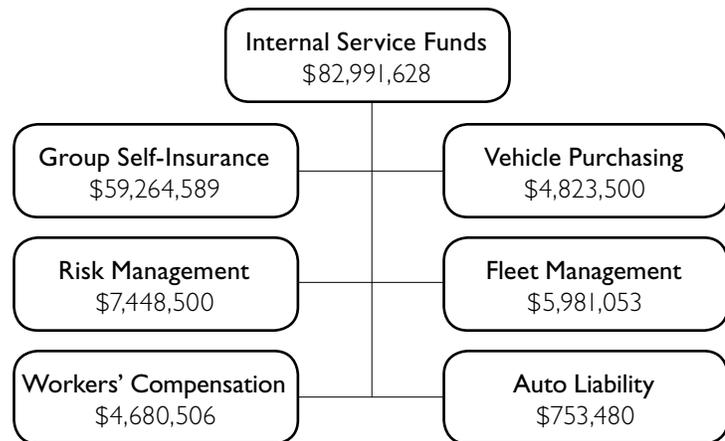
The financial status of the Local Transit Operating Fund remains strong.

In 2010, expenditures of the Local Transit Operating Fund are expected to total \$8.4 million, an increase of \$1.4 million or 19.4 percent above the 2009 actual level of \$7 million.

In 2010, revenues of the Local Transit Operating Fund are expected to total \$8.4 million, an increase of \$1.3 million or 19 percent. In 2010, the General Fund operating subsidy is expected to total 54.8 percent of fund expenditures budget, not taking into account any Grant revenues designated for operation of the Transit system.

Internal Service Funds

Internal service funds account for goods or services provided by one department or agency within the County to another. Other funds or departments pay the internal service funds on a pay-as-you-go status or an actuarial assessment of future costs. The County operates six (6) services on an internal service basis including health, life and disability insurance, risk management, automobile liability, workers compensation, fleet management and vehicle purchasing.



The **Group Self-Insurance Fund** accounts for the premiums and benefits paid for employees' health, life, and disability insurance.

The **Risk Management Fund** accounts for all property liability and casualty insurance coverage.

The **Workers' Compensation Fund** covers expenses associated with workers' compensation claims. Departments are assessed based on authorized personnel and claim history. The County maintains sufficient retained earnings in this fund to cover expected claims and has taken steps to ensure that costs are minimized while providing statutory care to workers suffering on-the-job injuries.

New vehicles and replacements are purchased through the **Vehicle Purchasing Fund**. County departments pay depreciated costs of vehicles into this fund after the initial purchase to provide sufficient funding for replacing the vehicle when it has served its useful life. Overall, this fund balance stays at the level needed to replace vehicles in a timely manner.

The **Fleet Management Fund** is operated on a pay-as-you-go basis. There is a fixed charge assessed to departments per vehicle, however most revenue from this fund is earned through direct payments for services, such as repairs, or tangibles, such as parts.

Group Self-Insurance (Healthcare) Fund

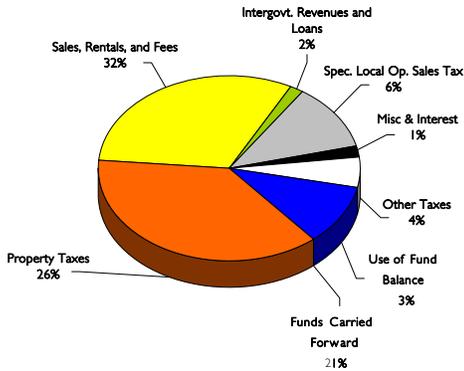
In the face of increasing healthcare costs, the financial status of the Group Self-Insurance Fund remains positive.

To contain rapid increases, the County implemented changes in the health plan in order to balance costs between the County and participants. Future year changes in this area include continued adjustments to cost sharing to lessen the total financial impact to the County and the enrolled employees.

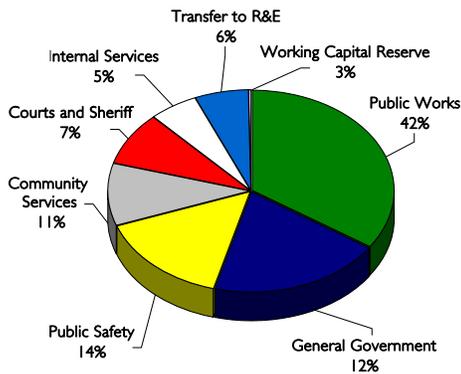
In 2010, expenditures of the Group Self-Insurance Fund are expected to total \$59.3 million, an increase of \$1.4 million or 2.4 percent above the 2009 actual level of \$57.9 million based on growth in actual claims expenses in previous years.

In 2010, revenues of the Group Self-Insurance Fund are expected to total \$56.1 million, an increase of \$1.3 million or 2.4 percent above the 2009 actual level of \$54.8 million. The percentage of salaries contributed to the Fund was decreased from 20 percent in 2004 to 19 percent in 2005, to 18 percent in 2007 and was further reduced to 16.5 percent for 2009 and 2010.

operating and capital funds combined FY 2010 revenue and appropriations



FY 2010 Revenues



FY 2010 Appropriations

FY 2010 Revenues

Property Taxes	435,037,264
Sales, Rentals, and Fees	367,038,762
Intergovt. Revenues and Loans	19,555,144
Special Purpose Local Option Sales Tax	133,722,833
Miscellaneous/Interest	24,591,836
Other Taxes	58,932,037
	1,038,877,876
Use of Fund Balance	123,578,886
Funds Carried Forward	-
	123,578,886
Total FY 2010 Revenues	1,162,456,762

FY 2010 Appropriations*

Public Works	401,178,831
General Government	228,118,287
Public Safety	178,839,372
Community Services	115,138,901
Courts and Sheriff	100,663,742
Internal Services	64,648,610
	1,088,587,743
Transfer to R & E	70,329,821
Working Capital Reserve	3,539,198
	73,869,019
Total FY 2010 Appropriations	1,162,456,762

* **General Government:** County Administration, Law, Finance, Tax Commissioner, Support Services, and Human Resources; **Courts and Sheriff:** Juvenile Court, Sheriff, Clerk of Court, Trial Court, Limited Jurisdiction Court, District Attorney, Solicitor, Recorder's Court, Probation; **Public Works:** Water Resources, Planning and Development, and Transportation; **Community Services:** Community Services; **Public Safety:** Police, Fire and Emergency Services, Corrections, and Medical Examiner; **Internal Services:** Risk, Workers' Compensation, GSI, Fleet, Auto Liability, and Vehicle Purchasing

debt summary

Overview and Debt Financing Principles

Due to its rapid growth, the County has used long term general obligation and limited liability revenue debt to fund the expansion of major capital facilities and infrastructure. In issuing debt, the County meets all state laws and requirements and follows a number of budgetary and fiscal policies to ensure the preservation of a sound financial position and favorable credit rating.

The County protects its financial position and attempts to provide the best service to its citizens for the least cost, achieved through effective internal controls and prudent accounting, budgeting, and planning procedures. An independent auditing firm performs annual audits and reviews the standardized financial statements prepared by the County that are distributed for public and rating use. An excellent credit rating from Moody's, Standard & Poor's, and Fitch Ratings insures the bonds are well accepted in the marketplace. Taxpayer money is saved due to obtaining the lowest possible interest rates at the time of sale and elimination of the need to purchase municipal bond insurance for credit enhancement.

The county government achieved an upgrade in its bond rating from Aa1/AA+/AA+ to the highest quality Aaa/AAA/AAA in June 1997 by the three primary rating agencies. Gwinnett is one of only 22 counties in the United States with this prestigious rating. The County has maintained those ratings to date. Over the last 12 years, each of the three rating agencies have consistently reported Gwinnett County's debt position as manageable, citing the County's emphasis on pay-as-you go funding and low levels of tax-supported debt.

Major capital projects are funded through the issuance of long-term debt and pay-as-you-go methods. The capital needs are identified and addressed in the capital budgeting process. This process assesses the purpose, size, and timing of borrowing needs. There are also other factors considered such as the budget impact of ongoing support of capital improvements, legal constraints on capacity, other financing alternatives, the urgency of needs, the cost of delay, the willingness of the community to pay, current interest rates, market conditions, and availability of other monies to fund the projects. The County has issued both general obligation and revenue debt to fund capital needs. The county has also utilized pay-as-you-go methods for capital improvements since 1985. Only 0.4 percent of the \$1.6 billion **2010 – 2015 Capital Improvement Program** is funded by debt.

Pay-as-you-go funding of capital improvements include contributions from the County's tax funds (general and recreation) into capital funds. Contributions for 2010 will be approximately four percent from general tax and 10 percent from recreation tax.

The voter-approved Special Purpose Local Option Sales Tax (SPLOST) is another pay-as-you-go method that works well for Gwinnett due to the large amount of retail sales generated in the county. Since 1985, the County has used SPLOST revenues to fund capital needs including a new justice and administration center, libraries, public safety facilities, and major expansion of the road system. SPLOST revenues have also funded the construction of public safety and parks and recreation facilities. Nearly \$2 billion has been collected since 1985 for capital improvements across the County.

In November 2008, Gwinnett voters approved the current SPLOST program. The 2009 SPLOST program started on April 1, 2009, following the expiration of the 2005 SPLOST program on March 31, 2009. The new five-year program is expected to raise about \$730 million to be shared between County and city governments. The County's portion will be used for transportation, parks and recreation, public safety, court facilities, and libraries. By using sales tax to fund these projects, the County has been able to minimize long-term debt.

Types of Debt

The issuance of General Obligation (G.O.) Bonds is a method of raising revenues for long-term capital financing that distributes the cost over the life of the improvement so that future users help repay the cost. By state law, general obligation bonds require the approval of the voters and the debt ceiling is 10 percent of taxable property. Before G.O. debt is proposed, a public survey is usually performed to determine what the citizenry wants and is willing to finance. Once approved, G.O. bonds are direct obligations, which are backed by the full faith and credit of the County.

Gwinnett County has two issues of G.O. Bonds outstanding at this time. The first series was sold in 2002 to refund bonds issued in 1992. The proceeds from the original bonds provided for a major expansion of the library system and road system within the County. The 2002 bonds have final maturity in 2011.

Voters approved a \$75 million bond referendum in November 2002 for funding of an expansion to the County's Detention Center. These bonds, also rated AAA by all three rating agencies, were sold in June 2003. The 2003 G.O. Bonds have final maturity in 2023.

The County has established a Debt Service Fund to account for revenues generated by the G.O. Bond tax rate levied against real and personal property. The funds raised through this tax levy are used exclusively for the retirement of the County's G.O. debt. The millage rate associated with this levy is calculated annually at a rate that will allow for the interest and principal payment.

The constitutional debt limit for General Obligation Bonds for Georgia counties is 10 percent of the assessed value of taxable property within the county. The statutory debt limit as of December 31, 2009, for Gwinnett County was \$2,900,097,000 providing a debt margin of \$2,849,204,000 (unaudited). At December 31, 2009, there is a total par amount outstanding of \$74,845,000 in General Obligation Bonds. As the information in the previous graph reveals, Gwinnett has used approximately three percent of its debt limit.

The following table reflects the outstanding amounts of General Obligation Debt as of December 31, 2009, for the County's Series 2002 and Series 2003 bond issues (unaudited):

(\$ in thousands)

Year	Principal	Interest	Total
2010	\$11,380	\$2,490	\$13,870
2011	11,870	2,101	13,971
2012	3,380	1,845	5,225
2013	3,510	1,742	5,252
2014	3,650	1,631	5,281
2015-2019	20,735	6,090	26,825
2020-2024	20,320	1,674	21,994
Total	\$74,845	\$17,573	\$92,418

In addition to general obligation bonds, the County issues revenue debt to fund some of its capital needs through a lease agreement between the County and the applicable authority. The County pledges income derived from the acquired or constructed assets to pay debt services. For example, the revenue bonds issued for water and sewer improvements are backed by a pledge of the County's general tax revenues, while revenue bonds for recreation construction are backed by a pledge of the recreation tax revenues.

The County has issued revenue bonds for both general government and proprietary activity. Where possible, County revenue bond issues are repaid through the operating revenues of the entity. The following tables show the outstanding debt service amounts on the Recreation Authority and the Combined Water and Sewerage Authority as of December 31, 2009 (unaudited).

Recreation Authority Revenue Bonds

\$31,340,000 Series 1992 Refunding – Issued on 12/01/92

(\$ in thousands)

Year	Principal	Interest	Total
2010	\$2,465	\$74	\$2,539
Total	\$2,465	\$74	\$2,539

Combined Water and Sewerage Authority Revenue Bonds

\$ 63,128,000	Series 1994 Refunding	Issued 2/1/94
\$120,000,000	Series 2002	Issued 5/1/02
\$218,075,000	Series 2003	Issued 6/5/03
\$259,600,000	Series 2005	Issued 3/17/05
\$121,375,000	Series 2006	Issued 3/9/06
\$190,000,000	Series 2008	Issued 8/21/08
\$259,530,000	Series 2009	Issued 10/22/09

(\$ in thousands)

Year	Principal	Interest	Total
2010	\$38,516	\$42,516	\$81,032
2011	45,312	43,636	\$88,948
2012	47,250	41,879	\$89,129
2013	57,035	39,921	\$96,956
2014	59,310	37,705	\$97,015
2015-2019	316,185	148,719	\$464,904
2020-2024	308,540	82,067	\$390,607
2025-2029	187,939	18,929	\$206,868
Total	\$1,060,087	\$455,372	\$1,515,459

Bond covenants require that certain debt coverage be maintained to ensure the repayment of the bonds and the continued financial stability of the enterprise. Such is the case with the County's Water and Sewerage bonds. The County has historically maintained coverage ratios in excess of covenants agreed upon in the bond documents.

The County reviews and maintains Water and Sewerage System rates to maintain positive revenue balances while meeting future debt requirements for water and wastewater capital needs. A Water and Sewer Rate Resolution approved in March 2009 increased water and sewer rates over a period of six years beginning in January 2010. The monthly bill for the average water and sewer residential customer increased slightly more than six percent between 2008 and 2009. Over the six-year time period, the average monthly water and sewer residential bill will increase slightly more than 26 percent, from \$69.44 in 2010 to \$94.22 in 2015.

These rate increases will help to offset the debt service cost of existing Water and Sewerage Authority revenue bonds. While the County does not anticipate issuing any additional Water and Sewer debt over the next six-years, if favorable market conditions exist, the Water and Sewerage Authority may refund outstanding bonds for debt service savings.

In addition, the County has received approval for a \$54 million loan from the Georgia Environmental Facilities Authority (GEFA) for improvements and construction of the No Business Creek Pump Station and Tunnel. Repayment will begin once the project is completed in 2010.

Other outstanding debt amounts as of December 31, 2009, are as follows (unaudited):

Georgia Environmental Facilities Authority Loan Series 1985 – 1986, 1988 – 1991, 2008

(\$ in thousands)

Year	Principal	Interest	Total
2010	\$1,183	\$644	\$1,827
2011	1,156	609	1,765
2012	988	578	1,566
2013	933	549	1,482
2014	961	521	1,482
2015-2019	5,265	2,149	7,414
2020-2024	6,114	1,298	7,412
2025-2029	5,469	334	5,803
Total	\$22,069	\$6,682	\$28,751

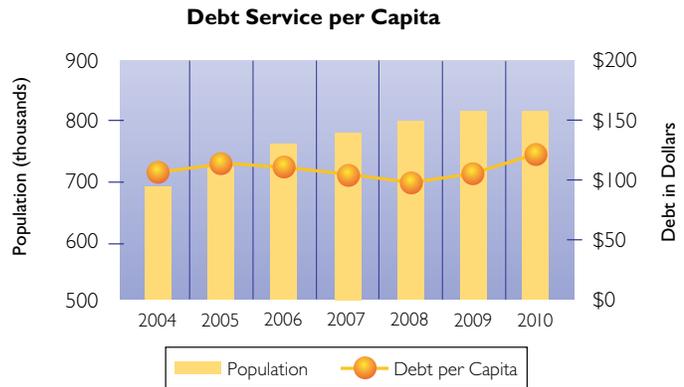
The total annual requirements on all outstanding debt as of December 31, 2009, including interest, are as follows (unaudited, rounded to the nearest thousand):

(\$ in thousands)

Year	G.O.	W & S	Rec	Other	Total
2010	\$13,870	\$81,032	\$2,539	\$1,827	\$99,268
2011	13,971	88,948		1,765	104,684
2012	5,225	89,129		1,566	95,920
2013	5,252	96,956		1,482	103,690
2014	5,281	97,015		1,482	103,778
2015-2019	26,825	464,904		7,414	499,143
2020-2024	21,994	390,607		7,412	420,013
2025-2029		206,868		5,803	212,671
Total	\$92,418	\$1,515,459	\$2,539	\$28,751	\$1,639,167

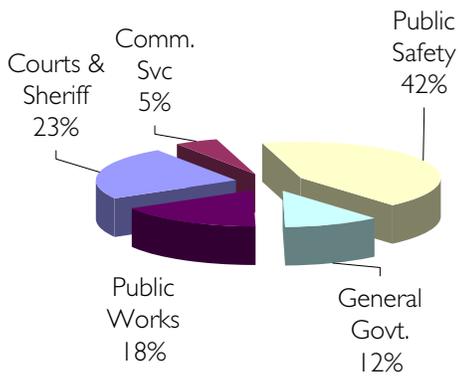
The total annual debt requirement for 2010 is approximately 10.1 percent of the total operating budget of \$974.6 million, resulting in total operating appropriations less annual debt of \$875.3 million.

Debt per capita is based on total annual debt service payments as compared to estimated county population. Total annual debt requirement for fiscal year 2010 (all debt categories) is approximately \$99.3 million. Current estimated debt service per capita averages \$120 per person. This is a slight increase from last year's average of approximately \$104 per person. This increase is attributed to the issuance of the Series 2009 Water and Sewer bonds as well as GEFA loans.



Recently, Gwinnett County has taken advantage of historically low interest rates to re-fund some debt and assume new debt as planned. As the graph indicates, reversing the trend since 2004, overall annual debt obligations have grown at a slightly faster rate than population. Consistent with historic practice, Gwinnett County strives to fund the expansion of major capital facilities and infrastructure at the lowest possible cost.

gwinnett county authorized position history FY 2006 – 2010



Agency (*)	Group (**)	2006 (***)	2007 (***)	2008 (***)	2009 (***)	2010 Adopted
Clerk of Court	Courts & Sheriff	93	97	99	106	106
Clerk of Recorder's Court	Courts & Sheriff	16	17	17	17	17
Community Services	Comm. Services	241	251	269	229	238
Corrections	Public Safety	142	142	142	125	125
County Administration	General Govt.	19	34	34	38	36
District Attorney	Courts & Sheriff	87	89	97	103	103
Financial Services	General Govt.	177	176	172	124	117
Fire Services	Public Safety	713	757	766	784	850
Human Resources	General Govt.	32	32	32	25	32
Information Technology	General Govt.	0	0	78	109	109
Judiciary	Courts & Sheriff	83	88	92	94	94
Juvenile Court	Courts & Sheriff	59	61	61	61	61
Law	General Govt.	20	18	18	10	10
Planning and Develop.	Public Works	143	153	154	66	66
Police Services	Public Safety	951	1013	1048	1041	1119
Probate Court	Courts & Sheriff	20	22	22	22	22
Water Resources****	Public Works	606	608	623	608	608
Recorder's Ct. Judges	Courts & Sheriff	9	9	9	9	9
Sheriff	Courts & Sheriff	621	686	688	701	701
Solicitor	Courts & Sheriff	48	53	54	54	54
Support Services	General Govt.	211	195	112	103	103
Tax Commissioner	General Govt.	118	118	118	118	118
Transportation	Public Works	175	177	177	156	156
Unallocated	General Govt.	2	2	11	11	11
Total		4,586	4,798	4,893	4,714	4,865

Positions are full-time regular employees and permanent part-time employees.

(*) Grants and capital positions are included in this chart.

(**) Groups are represented in the pie chart.

(***) As of December 31.

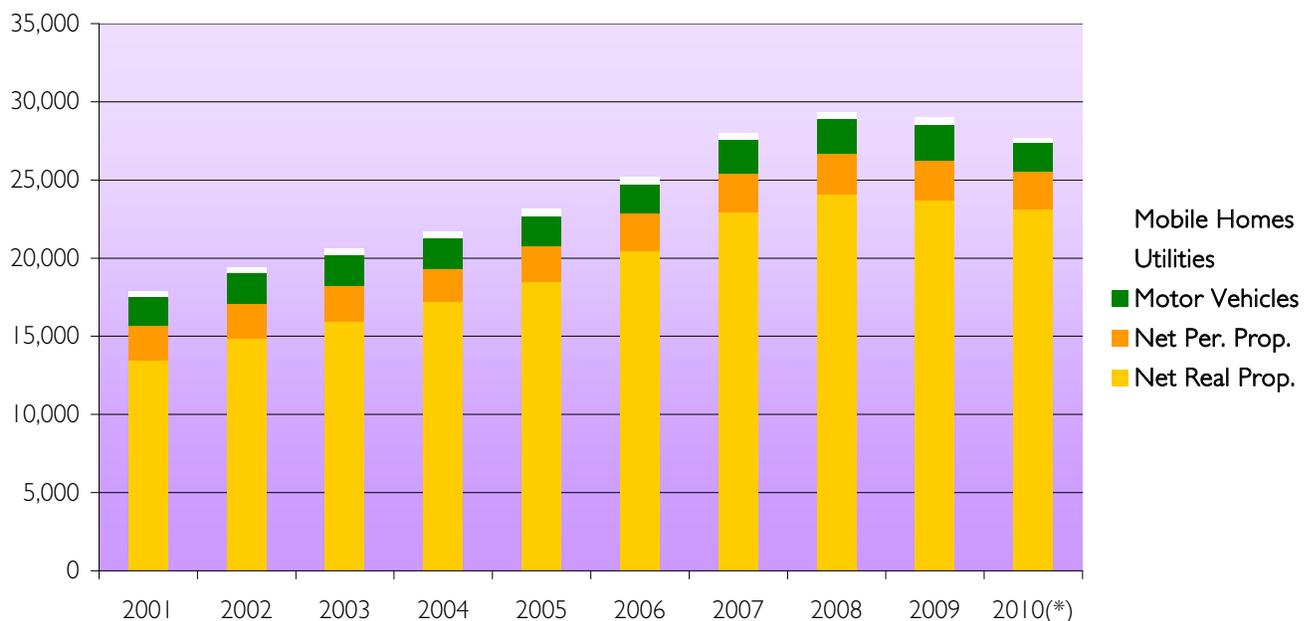
(****) Formerly Public Utilities

general fund tax digest values FY 2001 – 2010 (millions)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010(*)
Real Property	15,422	17,432	18,955	20,560	21,846	24,268	27,443	28,671	27,887	27,222
Exemptions	(1,975)	(2,573)	(2,987)	(3,396)	(3,378)	(3,833)	(4,527)	(4,566)	(4,182)	(4,082)
Net Real Prop.	13,448	14,859	15,968	17,164	18,468	20,435	22,916	24,105	23,705	23,140
Personal Prop.	3,341	3,139	3,064	2,949	3,157	3,343	3,563	3,664	3,681	3,425
Exemptions	(1,082)	(871)	(798)	(788)	(880)	(940)	(1,018)	(1,082)	(1,103)	(1,026)
Net Per. Prop.	2,259	2,268	2,266	2,161	2,277	2,403	2,545	2,582	2,578	2,399
Utilities	360	362	380	400	442	419	415	441	452	257
Motor Vehicles	1,785	1,918	1,958	1,961	1,935	1,895	2,100	2,204	2,245	1,847
Mobile Homes	20	21	21	20	20	21	22	21	21	21
Total Digest	17,872	19,428	20,593	21,706	23,142	25,173	27,998	29,353	29,001	27,664

Information on FY 2001 through FY 2009 are from the "Final Digests"
 (*) This tax digest is a forecast

Tax Digest Value FY 2001-2010 (millions)



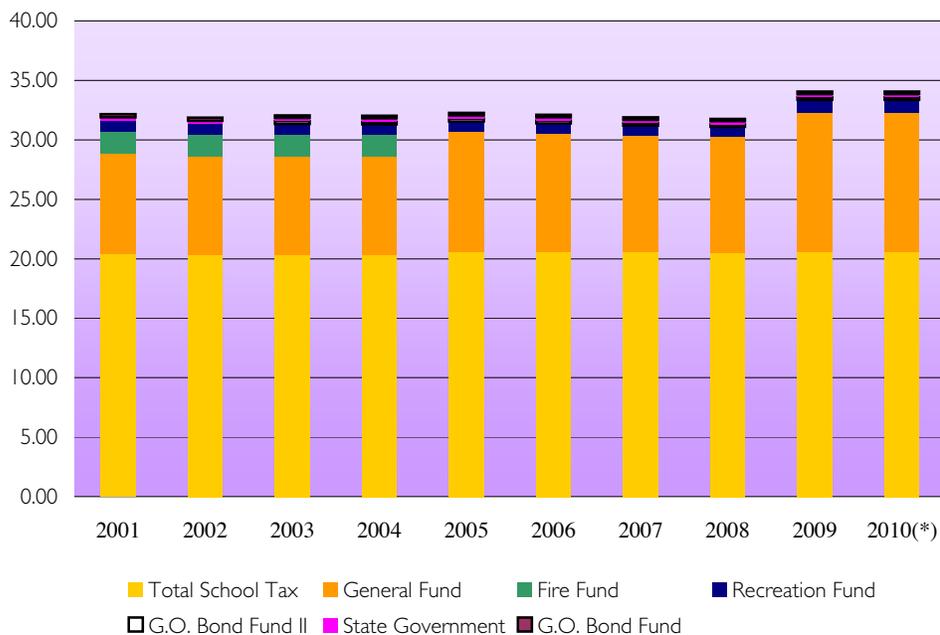
Note: **Mobile Homes** value is too small to appear on this chart
 (*) Forecasted

tax-related funds real and personal property tax rates FY 2001 – 2010 (mills)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010(*)
General Fund	8.43	8.30	8.29	8.27	10.14	10.00	9.81	9.72	11.78	11.78
Fire Fund	1.90	1.87	1.87	1.87	–	–	–	–	–	–
Recreation Fund	0.86	0.85	0.85	0.84	0.84	0.82	0.80	0.79	1.00	1.00
G.O. Bond Fund	0.30	0.30	0.24	0.24	0.24	0.23	0.23	0.22	0.23	0.23
G.O. Bond Fund II	–	–	0.25	0.25	0.25	0.25	0.24	0.24	0.24	0.24
Total County Tax	11.49	11.32	11.50	11.47	11.47	11.30	11.08	10.97	13.25	13.25
School M&O	18.62	18.62	18.87	18.87	19.25	19.25	19.25	19.25	19.25	19.25
School Bonds	1.80	1.68	1.43	1.43	1.30	1.30	1.30	1.30	1.30	1.30
Total School Tax	20.42	20.30	20.30	20.30	20.55	20.55	20.55	20.55	20.55	20.55
State Government	0.25									
Total Property Tax	32.16	31.87	32.05	32.02	32.27	32.10	31.88	31.77	34.05	34.05

(*) This millage rate is an estimate. The actual rate may be different upon adoption due to possible changes in property tax values that occur in 2010.

Total Property Tax Rate FY 2001-2010 (mills)



Note: **State Government** rate is too small to appear on this chart.

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